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Bench-Tool Promos to Gain: P. 16
Audio 'Packages' Score: Pp. 3, 18

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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K mart, Wal-Mart To Test Spin-offs

NEW YORK—K mart and Wal-Mart—the nation's No. 1 and No. 2 discounters—are once again testing new spin-off operations.

K mart's entry, opening in Birmingham, Mich., in mid-November, is to be an off-price specialty gift store called Accents. Wal-Mart is planning a Nov. 1 Des Moines opening for DOT Discount Drug, a deep discount pharmacy and H&BA operation fashioned similar to the Drug Emporium or Texas Super Drug.

Accents will occupy a 13,000-sq.-ft. former Kresge store in the Detroit suburb.

A spokesman for K mart said the chain was looking for optimum use of what it considered prime real estate, but noted that the store is considered an experiment with no current plans to expand.

Merchandise for the store is being bought by K mart buyers. Chain management declined to provide additional details on merchandise assortments and price points other than to say they would be brand name gift items at discount prices.

Wal-Mart's DOT will occupy a 25,000-sq.-ft. store formerly occupied in the Iowa city by J. Brannam, a subsidiary of F. W. Woolworth Co. The location has been vacant for nearly one year.

It will feature cut-case merchandise sold at low margins, typically in the 3%-18% range.

DOT is also experimental with no currently announced plans to expand.

The store will be run under the direction of Paul Carter, vp, special divisions for Wal-Mart. It was Carter's division that launched Sam's Wholesale Club in Oklahoma City earlier this year.

Hills Launches 1st 2 Major Captive Labels in Apparel

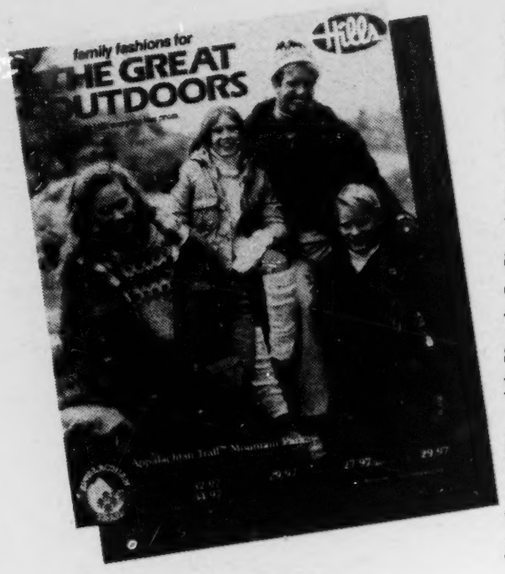
By MARILYN NEERMAN

CANTON, Mass.—Hills has just taken a major new apparel merchandising direction with the introduction of two "captive" or "controlled" label collections—Appalachian Trail and Spring Harbor.

Breaking a long-standing tradition of issuing only three circulars a year, Hills officially launched these two programs in a fourth, eight-page, full-color circular which hit the stores Oct. 16.

Appalachian Trail, billed as "rugged wear for the great outdoors," is, among other thing, Hills' answer to the currently popular "L. L. Bean" look and consists of a variety of items—coordinated parkas, shirts, sweaters, slacks and accessories for men, women and children.

Spring Harbor, like Appalachian Trail, crosses divisional apparel lines. It's a holiday-into-spring group of pastel coordinates in girl's sizes 7 to 14 and in ladies' apparel.



Hills' apparel circular introduces two captive label programs—Appalachian Trail and Spring Harbor.

These two programs represent a more sophisticated stage in the evolution of Hills' use of captive labels in apparel.

At Hills, building apparel volume using the captive label concept began prior to the launch of Appalachian Trail and Spring Harbor, but it's a relatively new Hills priority.

For instance, the captive label program called Workable Separates—for misses' coordinates geared for the career woman—was introduced for spring 1983. The chain uses the captive label Jontz for family activewear such as fleece-backed separates, athletic socks and footwear and duffle bags.

Another captive label, American Girl, was introduced for fall 1983 for washable wool-biend coordinated sportswear for girls.

Several elements distinguish the new Appalachian Trail and Spring Harbor programs from those earlier captive label launches.

For one, they represent Hills' kick-off of major, broad-scope captive label programs. They cross divisional lines, in contrast to Workable Separates, which is for women only, and American Girl, which is for girls only.

(Continued on page 6)

Toy Chains' Home-Computer Biz Soars Despite Contrasting Selling Techniques

Child World Places Emphasis on Service

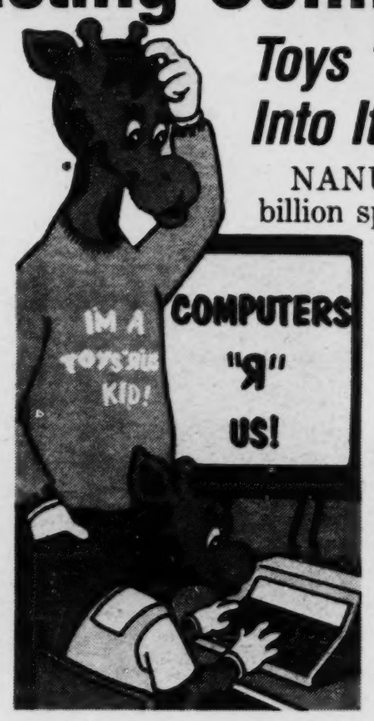
By BRENT H. FELGNER

PARAMUS, N.J.—Child World has created a store within a store in an effort to drive its home computer business—and service has moved to the core of that push.

The new department prototype, which is currently being rolled out chainwide, is completely enclosed on three sides by tall fixtures giving it the appearance of a small computer specialty store.

That's precisely what company merchandisers had in mind when the format was developed and tested several months ago.

(Continued on page 38)



Toys "R" Us Fits Category Into Its Self-service Format

NANUET, N.Y.—Toys "R" Us—the $1 billion specialty toy chain—is out to prove that computers can be successfully merchandised without compromising its self-service philosophy.

The nation's largest toy retailer has taken decisive yet simple steps to mold the service-dependent, high-shrink category into its own pre-existing merchandising concepts and store formats.

Though questions about the long-term viability of that direction remain, the initial results show impressively growing volume—so much so that the chain

(Continued on page 38)

Digest Oct. 31, 1983

HARDWARE

- **More promotions of higher-ticket bench tools are due for the** Christmas season. (p. 16)

CONSUMER ELECTRONICS

- **New packaging of established audio products and an improv-**ing economy are helping discounters' home sound sales. (pp. 3, 18)

HOUSEWARES

- **Hills' new stores in Terre Haute, Ind., have updated their** housewares presentation, but in moderation. (p. 22)

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Isaacs Busy Creating New Look For Heck's

By KAREN PAXTON

NITRO, W. Va.—"I don't leave anything alone."

In the nine months he's been back here as chairman and ceo of Heck's, Russell Isaacs has been involved with everything from heading up an experimental buying trip to the Orient to mandating a new look for the company house organ, *Heck's World*, to having red and beige borders painted on the dark brown warehouse buildings.

By next year, the impact of a host of projects Isaacs has set in motion will start to show up at store level. According to his plans:

—All departments will be planogrammed at headquarters.

—All stores will be reset with a race-track aisle and speed tables.

—The apparel offering will be reshuffled to include expanded assortments of ladies, sportswear, maternity clothing, hosiery and shoes. Soft goods will take up 35% of total floor space vs. 25% at present.

—Domestics will be given a new fashion emphasis.

—Store sku count will be trimmed from 40,000 to about 33,000.

—An estimated $40 million open-to-buy investment in a new direct import program is expected to inject the mix with hard and soft goods with sharper price points.

—POS systems will track sales by sku number rather than by department number.

But, while Isaacs seems to be involved with just about everything, company executives find he has a knack for listening to problems, defining objectives and then leaving each person to do the job.

Unlike Fred Haddad, his predecessor, who was described by one Heck's executive as a hip-pocket entrepreneur, Isaacs is seen as a professional executive who has taken the entrepreneur's room at the top

(Continued on page 8)

"We've got all the pieces in place. Now we've just got to get everything running together."
—Russell Isaacs, chmn./ceo, Heck's.

Wal-Mart's audio merchandising strategy has placed high-end component systems next to low-end compacts, as seen in the Bentonville, Ark., store. The chain expects a pickup in fourth-quarter audio sales. *(DSN photo)*

Price Club Will Inaugurate a Fee Of $15 For Its Group Members

SAN DIEGO—Price Club is taking another step to set itself apart from its imitators.

Starting next month, the wholesale warehouse operator will impose a $15 annual fee on new "group" members. Its 600,000 current group members will begin paying the annual fee next June.

Despite the fee, these members will also continue to pay 5% more than wholesale members for goods. "Group" members are individuals who belong to selected groups, such as Government agencies, credit unions and utility companies that are eligible for membership.

Price Company, which currently operates 12 Price Club stores in California and Arizona, indicated it will use the fees to reduce chainwide gross margins by roughly 2% from the current 11% level. Trade experts believe that by lowering prices, Price Club intends to lock in more strongly its prized base of 80,000 wholesale customers who account for 60% of chain volume.

Although Price Club has declined to talk further about its latest move, industry observers generally feel it makes sense.

Jim Sinegal, president of Costco Wholesale, Seattle, which opened its first warehouse outlet last month, calls the strategy "a brilliant, gutsy move that helps widen the gap between themselves and others. People absolutely believe Price Club will use the fees to lower prices. If I were in their position, with their following and their low-price reputation, I'd do the same."

Yet, Joe Ellis, analyst at Goldman Sachs, New York, questions Price Club's need to lower prices, precisely because the chain is well entrenched in densely populated markets which offer no direct wholesale outlet competition.

Others also acknowledge the strength of Price Club's markets. "You just don't find LA's in Oklahoma," said a spokesman for Sam's Wholesale Club, Midwest City, Okla.

By imposing the fee, said trade experts, Price Club plans to boost average customer transactions from their current

(Continued on page 37)

New Audio Packages Up Home-Sound Biz

Nationwide DSN Report

New packaging of established audio products and an improving economy appear to be at least partially responsible for pushing discounters' home sound offerings out of the doldrums.

While fourth-quarter sales may not be particularly strong, they do seem poised for a substantial improvement over last year, with some chains projecting as much as a 25% pickup in volume.

The typical discounter's audio assortment—usually perched on the low-end—will still be forced to compete with other consumer electronics offerings, including home computers, digital audio disks, compact disks and steadily falling prices for high-end component equipment.

In an effort to do just that, some chains have begun a move toward the so-called "package" or "floor rack systems," replacing some of the space formerly occupied by compacts. While containing basically the same internal electronics as the compacts, the rack systems offer a component look combined with larger speakers and a moderate price tag.

"I've heard it described as 'pizzazz at a price,' " said Ames' merchandise manager Jerry Fine. "It's a good business."

Price points run at less than $200 promotionally, according to Fine, and as high as $400. As a result, the rack systems have eaten into the higher end compact system business.

"Compacts were the rage a few years ago," Fine said. "Now you can sell compacts at the lower prices but when you get into the higher price points you're competing with the quasi-components."

(Continued on page 18)

HRT Due to File Reorganization Plan; Signs Prelim Schottenstein Agreement

LOS ANGELES—The Chapter XI reorganization efforts of HRT Industries, parent of Zodys discount stores, were expected to come to a head at presstime.

The company was due to file its reorganization plan with the United States Bankruptcy Court for the Southern District of New York (in New York City).

This is a preliminary to obtaining court approval of its disclosure statement, which would then be sent to creditors.

The disclosure statement is part of the package of information HRT will supply to creditors to obtain their favorable vote on the company's reorganization and debt repayment plan.

HRT is aiming for a creditor's vote by the end of the year.

The company proposes to repay creditors 55% in cash and 35% in stock. Creditors are owed about $127 million.

The company also expected to have its stockholders vote on the reorganization plan, as it involves a major change in the firm's ownership. That vote was expected to be held in late October or early November.

In a related action, HRT has signed a preliminary agreement with Schottenstein Stores Corp. The latter is directly tied to the reorganization effort in that Schottenstein would fund the plan in return for major control of HRT.

Schottenstein would obtain 55% of HRT's stock in return for putting up $12 million in cash

(Continued on page 34)

Fauber: K mart to Reach $25B in 1988 'In 1983 Dollars,' $18.5B-Plus For '83

NEW YORK—"Twenty-five billion dollars in 1983 dollars."

That was the volume K mart chairman Bernard Fauber predicted the company would hit in 1988.

Speaking before the New York Society of Security Analysts, Fauber said corporate sales for fiscal 1983 would comfortably exceed $18.5 billion, and earnings would exceed 6% each year through 1988. Thus, K mart's profit to sales ratio should be back to where it was in the late seventies, he said. In 1979, K mart's net income margin was 2.8%.

To hit those goals, K mart will push deeper into the new merchandising directions it began introducing almost two years ago: emphasizing branded goods, refixturing and reformatting the stores, and creating new businesses.

"The low-income shopper myth" is no longer true, he said, and the company is no longer "a blue-collar operation." He pointed to K mart research which illustrated the chain's drawing power among higher-income and better educated consumers. Fauber added that in the last 30 days, 52% of the United States population had visited a K mart store.

Reviewing recent changes, Fauber highlighted these:

- A new contemporary display for soft goods, particularly in ladies' wear involving the Jonathan Logan program. The label, which appeared in over 400 stores last year, has been used for ladies' sports and activewear and will now be expanded to other categories such as suits and dresses. In the summer of 1984, the program will be moved ino more stores —not necessarily on Logan fixtures—and eventually will go chainwide. It will be on both domestic and imported merchandise.
- A new domestics prototype, "soft goods for the home", offering more department store appeal. Currently placed in 90 locations, the department will expand to 400 to 500 units in the next 18 months.
- Kitchen Korner, fusing housewares and kitchenware departments. The department was launched in April and is currently in 537 stores and will eventually be expanded to all "full-size locations." A modified version will appear in remaining units.
- Home electronic centers specializing in personal computer sales below $500. Over 700 departments are planned to be in operation by the end of 1983.
- Home care centers for the DIYers. There will be 41 installed centers by year's end, expanding to 500 departments in the next five years.
- New category introductions of nutrition and health centers, wicker shops, unpainted furniture, expanded book departments and upgraded stationery

(Continued on page 38)

Zimmerman Still Chmn., CEO

Poole Service Mdse. Prez, COO

NASHVILLE—Service Merchandise, after a three-year search, has found an executive who meets the cataloger's three criteria for president and chief operating officer, and named James E. Poole to the post.

Background Noted

Poole, 59, had been head of the natural resources group for conglomerate Gulf & Western and disposed of that operation as part of the company's scaling down of its operations.

Raymond Zimmerman, the cataloger's chairman and chief executive officer, relinquished the post of president to Poole. He said: "Three years ago when I first started looking for a president I announced that my criteria were:

"• Age 59, so he wouldn't inhibit our existing people or stop them from having a chance at the big job;

"• A man with a strong financial and planning background to get us on the right road for budgeting, planning, systemizing and things like that, and

"• Someone who has never been in retailing so he wouldn't come in and change us and make us something that we're not."

The company needed someone to serve as president and coo, Zimmerman said, "because we are going through dramatic growth years and need strengthened and additional leadership and management."

The cataloger, which passed the $1 billion sales mark in 1981, started to diversify by acquiring a computer store chain and a warehouse home center operation this year.

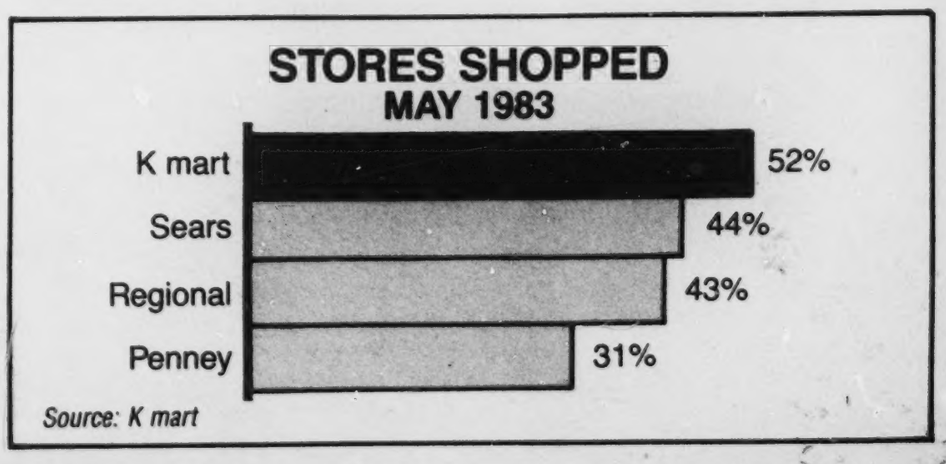
The showroom operation, however, remains the core of the company's business, with 155 stores projected for the end of the year. The company distributed 10 million catalogs this fall, more than any coordinator or independent showroom chain other than Best Products.

Zimmerman explained that some of his responsibilities were turned over to Poole—financial, data processing and real estate—but "merchandising and operations continue to report to me."

Appointment Hailed

Zimmerman called Poole "one of the most highly regarded professional managers in the country."

He knew Poole as a local businessman in Nashville who was head of Marquette Cement. That company was moved from Nashville to Chicago in 1974 and acquired by Gulf and Western two years later. In 1978, G&W's natural resources were put under Poole and that group operation was moved to Nashville.



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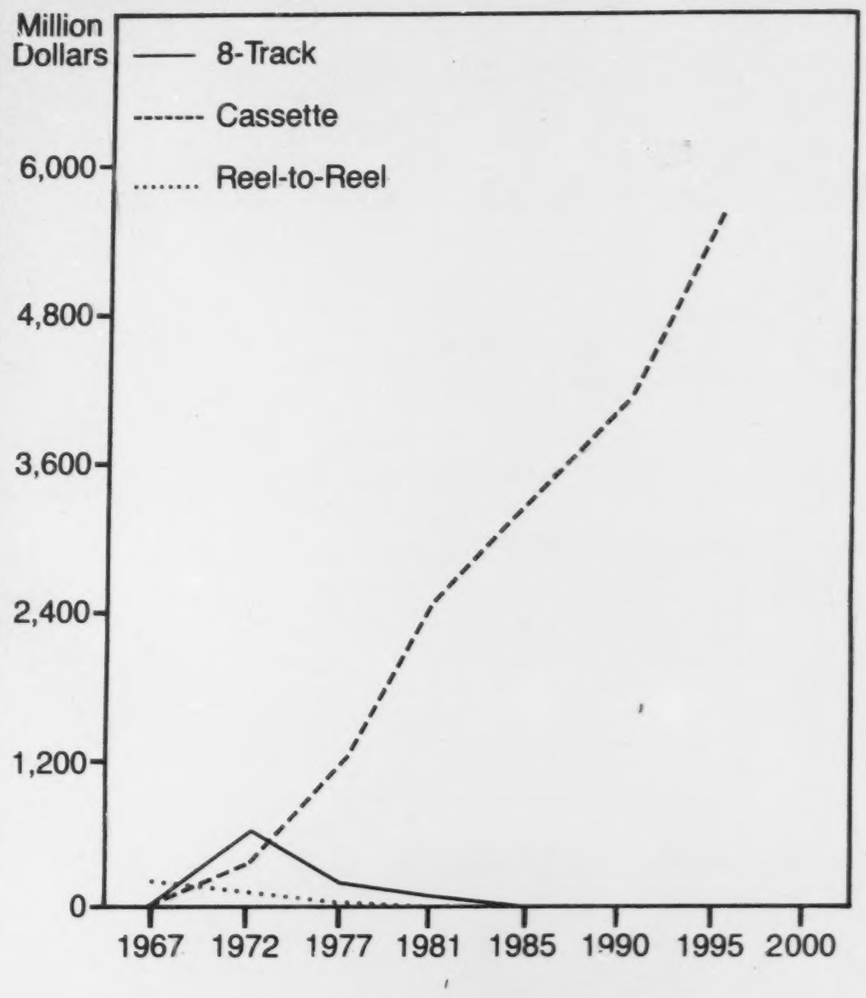
CONSUMER ELECTRONICS

Audio Tape Recorder Sales



Source: Home Entertainment of the Future; *Predicasts, Cleveland, 1983.*

New Audio 'Packages' Aid Sales

(Continued from page 3)

In part, because of the exploding electronics market and the resulting cross-CE category competition, Ames has doubled the size of its CE departments, he said. From a buying standpoint, there has also been a move to segregate its electronics categories in order to avoid situations where a home computer might compete with a stereo system for an open-to-buy.

Other chains have taken similar steps.

For Ames, the strategy appears to be paying off. Fine reported higher ticket sales with greater volume overall, much earlier than last year; this, despite slightly lower prices.

Most chains appear to be stepping into the rack systems slowly, apparently in an effort to gauge consumer acceptance of the higher price points. The shifting assortments became most visible during the back-to-school and Labor Day season.

For example, K mart featured two rack systems in advertisements during that period, promoted at $279 and $249. However, the same ads also featured a "bookshelf component" system at $138 and two compact systems, priced at $149 and $169.

Target took a similar approach, featuring a rack system at $179.99, a home-and-go unit at $149.99 and a compact at $99.99, all on promotion.

But, in terms of price points, Bradlees has taken one of the boldest steps, venturing to $399.95 and $279.99 on sale, for two rack systems featured in its ads. Those same units are everyday priced at $449.95 and $399.95.

Murphy's Mart, too, has leaped into the higher price points, offering three rack systems, everyday priced at from $199 to $499. The three form part of the chain's core audio offering, which includes seven compact stereo systems, priced from $139 to $299, according to merchandise manager Frank Remaley.

"You know, last year was a tragic year for compacts," he said, "but right now it's vastly improved. I'm looking for about a 25% increase."

Despite last year's poor performance, Murphy's Mart has maintained the audio section's space allocation at 1981 levels, rather than cutting back, according to Remaley. The size of the assortment has also remained essentially constant.

ALCO has taken a more conservative approach to the package systems, a decision that took into account its mostly rural trading areas. The chain carries one package system priced at $299 and promoted at $249. A second unit has been added occasionally during peak selling periods, according to buyer Richard Millner.

Sales Information

Compacts have remained at the core of the line where they have experienced steadily healthy sales, he said. However, sales have recently been strongest at the extreme low end and high end of the line, with the middle range coming in below expectations.

The compact systems begin at $99, everyday, with the package system's $299 price point at the top end of ALCO's audio line.

But, where most chains have positioned the package systems at the top of their lines, Wal-Mart has taken several steps more by bringing in true high end component systems to its stores, a move that blurs the distinction between it and some specialty stores.

The top-end price point of $799 for a name brand system has accomplished just that objective.

"The image that it creates is certainly good," said Nick White, dmm. "And, at the same time it's proven to be a good mover in terms of actual sales."

That "image" has also contributed heavily to improved sales for other CE products more traditionally found in the discounter, according to Wal-Mart executives. The result has been a new-found customer base.

The U.S. Audio Market

Item	1977	1981	1985	1990	1995
Population (millions)	219.8	229.3	237.6	247.0	256.0
Audio Entertainment Equipment Sales (mil $)	3,612	4,669	6,160	8,165	11,390
Radio Sales (mil $)	1,035	853	1,400	1,800	2,250
Audio Reproduction Equipment Sales (mil $)	2,577	3,816	4,760	6,365	9,140
Tape Recorders (mil $)	1,254	2,564	3,325	4,000	5,625
8-Track	176	26	neg	—	—
Cassette	1,065	2,525	3,315	3,990	5,615
Reel-to-Reel	13	13	10	10	10
Phonograph Sales (mil $)	570	595	350	250	200
% Turntables	61	53	49	45	40
Component Sales (mil $)	753	657	1,085	2,115	3,315
Speakers	508	458	705	1,555	2,485
Amps & Rcvr's	154	124	280	435	680
Microphones	91	74	100	125	150

Source: Home Entertainment of the Future; *Predicasts, Cleveland, 1983.*

Zayre

ZAYRE CORP.
FRAMINGHAM, MASS. 01701

To: Our Manufacturers and Suppliers

Statement of Policy Concerning Gifts

We are taking this opportunity to restate our policy concerning gift-giving, not only during the forthcoming holiday season, but at all times of the year, on any occasion. Gifts, no matter how well intentioned by the donor, tend to shake the moral structure of the firmest business foundations by substituting subjective emotions and motives for objective judgment based on service, quality and price.

Accordingly, for the mutual protection of our suppliers, our employees and the Company, we prohibit our employees from accepting gifts, gratuities, payments or favors of any kind. Any gifts received by our employees will be returned to the donor or donated to charitable organizations. Our employees are advised that violation of this policy is considered to be a grievous matter.

We call upon you to assist us and our employees by refraining from giving or offering such gifts. Your awareness of and cooperation with this policy will foster the continuation of fair business practices that favor our close association.

Best wishes for a happy holiday season and a prosperous New Year.

Sumner L. Feldberg
Chairman of the Board

Maurice Segall
President

Commonwealth Trading, Inc. Newton Buying Corp. NETCO, Inc.

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Top Brands: DSN's First Annual Supplier Analysis Section: Pp. 19-76

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K mart's electronics center prototype, seen in Kearny, N.J., store, positions hands-on computer displays on a self-service island. High-shrink merchandise is under glass. *(DSN photo)*

Name Brands Grow More Important: Poll

Special DSN Report

Name-brand merchandise is more important to discounters today than ever before.

Assortments may be narrowing as chain productivity requirements become more stringent, but discounters are counting more heavily than ever on fast turns from national label merchandise—in every department—to help them grow their businesses, according to *DSN*'s first annual top-brands report.

The report, based on interviews with discounters store managers across the country, was conducted for *Discount Store News* by Leo J. Shapiro & Associates.

Sixty-four per cent of the store managers polled agreed national brands will contribute more to store sales than private label or store brands.

Citing advertising exposure, product quality and consumer demand as the driving forces ruling their perceptions, managers in both conventional and upscale format chains said more of their stores' inventories are currently being converted to national label goods.

In fact, looking over changes in inventory patterns made in the last year alone, 60% of the managers polled said name-brand assortments had already increased in the last 12 months.

Beyond that, however, the managers' perceptions aren't uniform; they vary according to store demographics—location, store size, for example—and product category. (The full study begins on p. 19.)

Store Mgrs.' Winners

Automotive	Children's Apparel	Consumer Electronics	Cosmetics
Quaker State	Garanimals	Atari	Maybelline
Champion	Lee	Texas Instruments	Revlon
Pennzoil	Wrangler	Panasonic	Cover Girl
AC-Delco	Curity	Commodore	Max Factor
Fram	Garan	General Electric	Aziza
Food/Candy/Snacks	**Hardware**	**H&BA**	**Housewares**
M&M	Stanley	Crest	Corning
Planters	Black & Decker	Colgate	Rubbermaid
Frito Lay	Lucite	Johnson & Johnson	Libbey
Hershey	Glidden	Revlon	Pyrex
Brach	General Electric	Clairol	Corelle
Kitchen/Laundry Supplies	**Ladies' Apparel**	**Men's Apparel**	**Personal Care**
Tide	Lee	Wrangler	General Electric
Comet	Wrangler	Lee	Conair
Clorox	Calvin Klein	Fruit of the Loom	Clairol
Ajax	Levi's	Levi's	Norelco
Rubbermaid	Sasson	Hanes	Gillette
Photo/Camera	**Sporting Goods**	**Stationery**	**Toys**
Kodak	Wilson	Mead	Fisher-Price
Polaroid	Coleman	Bic	Mattel
Canon	Spalding	Papermate	Playskool
Minolta	Igloo	American Greetings	Kenner
Nikon	Zebco	Parker	Milton Bradley

Top brands in 16 merchandise categories were selected by store managers across the nation, in a poll conducted for *DSN* by Leo J. Shapiro & Associates.

While the gap between them as groups was relatively narrow, the trend to convert to national labels was stronger among conventional-format discounters than for upscale chains. But, between individual chains, like K mart and Target for example, the spread was considerable.

In line with recent merchandise upgrades at K mart, 89% of the Troy, Mich.-based discounter's store managers polled for this survey reported that they carried more national label goods today than they did a year ago. At upscaler Target, 61% of those polled reported name brands on the rise.

By store size, the study revealed that managers running stores in the 60,000-100,000-sq.-ft. and 100,000-sq.-ft.-plus size ranges reported more growth in national label assortments than did small store managers.

K mart Ups Service In New CE Format

KEARNY, N.J.—K mart has begun a roll-out of a new service-intensive format in its electronics departments—marking a bold exit from its earlier self-service thrust in the category.

The primary beneficiaries of the new approach are the chain's home computer offerings, although other CE product lines have been included in the layout. The design utilizes a large service island under a high-visibility canopy suspended from the ceiling.

The format first made its appearance in a series of tests several months ago. It is currently being set up in K mart's East Coast units before a chainwide roll-out this winter.

"It says we are very much in the computer business," said Fred Stevens, senior vp, sales and gmm. "It dramatizes the products currently in use and makes it a little easier to see the total mix."

The nation's largest discounter has also undertaken an effort

(Continued on page 84)

Digest

Nov. 14, 1983

TOP-BRAND SECTION

• **Store managers name their** top brands in *DSN*'s first supplier analysis section (pp. 19-76). The 16 merchandise categories covered are: automotive, p. 43; children's apparel, p. 63; consumer electronics, p. 68; cosmetics, p. 45; food/candy/snacks, p. 52; hardware, p. 58; health & beauty aids, p. 46; housewares, p. 72; kitchen & laundry supplies, p. 57; ladies' apparel, p. 63; men's apparel, p. 76; personal care appliances, p. 20; photo, p. 66; sporting goods, p. 74; stationery, p. 33; toys, p. 57.

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Senate Nixes Funds For RPM Campaign

WASHINGTON—In a clear-cut victory for discount chain lobbyists, the Senate approved legislation stripping all Federal funding for the Justice Department's campaign to resurrect Fair Trade-style resale price maintenance (RPM) activities by suppliers.

The bill, approved by an overwhelming voice vote on the Senate floor late last month, was adopted as an amendment to the Senate-passed Justice Department appropriations bill.

Under the language of the anti-RPM amendment, no Government funds appropriated for the department "may be used for any activities the purpose of which is to overturn or alter the *per-se* prohibition on resale price maintenance in effect under Federal antitrust laws."

Although discount store industry lobbyists hailed the vote as "a significant victory for consumers and price-competitive retailers," it is still uncertain whether the Senate-approved funding restraint will have any substantive impact on efforts by Reagan Administration antitrusters to relax the long-standing prohibition against resale price fixing.

A parallel Justice Department funding bill already passed by the House doesn't contain any similar restrictions on spending to overturn the ban on RPM, and the immediate fate of that amendment is now in the hands of a joint House-Senate conference committee.

The funding restraints will take effect only if the Senate version is approved by those conferees, passed by the full

(Continued on page 84)

Men's Wear Push Suits Ne...

Venture's deepening push into m...
including some three-piece sui...
its Springfiel...

Ladies' Wear Leads Name-Brand Growth

Ladies' apparel was the clear winner as the department showing the biggest growth in the number of brand names carried last year; men's apparel was the runner-up.

That was revealed in *DSN*'s first top-brands study, based on interviews with store managers nationwide. The study was conducted for *DSN* by Leo J. Shapiro & Associates, a Chicago-based market research firm.

With an already relatively mature lineup of brands in hard lines areas, plus the efforts of most chains to make a stronger statement in their higher-margin apparel departments, it was predictable that these two departments would emerge at the head of the list of departments showing a greater brand name presence.

Where the vote of branded growth differed was among the managers from conventional and upscale type chains. Store managers, 26% of them, said brand names were up in women's wear; 23% said men's wear.

But, 31% of the managers of upscale chains named women's apparel compared to 25% of the managers at conventional chains.

Men's apparel turned out differently; the spread of responses was larger, and the upscalers-vs.-the-conventionals-vote was reversed.

Just 11% of the managers at upscale chains said the number of brands in men's apparel grew last year. Compare that to the response from conventional chain managers: 25% said their chains experienced brand name growth in men's wear.

The third-ranking area where managers said brand names were on the rise was another one in which discounters have been looking to new resources to boost margins—housewares. The traditional brands maintained their grip as the leaders in housewares. Nevertheless, 20% of the managers polled said the number of brands in the area was increasing.

By store format, more of the upscale store managers saw an increase, 28% of them, compared to only 18% of the managers at conventional chains.

Two other departments—hardware and health and beauty aids—also had a fairly strong vote count in the growth of brand names; 18% and 16%, respectively.

For all other department/product categories surveyed, fewer than 10% of the store managers said they saw brand name growth in the past year.

Why National Brands Are Expected To Spur Stores More Than PL

Of the store managers polled, 64% said national brands will contribute more to store growth than store labels. Here's why:

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Advertising/TV exposure	22%	24%	13%
Consumers trust them	19	20	19
Quality	12	12	11
It's what shoppers want	10	10	8

Source: DSN/Leo J. Shapiro & Associates

Majority of Store Managers Polled See Name Brands Upping '83 Biz

Geographic Location:

Region	% of store managers
Northeast	68
South	68
North Central	62
West	56

Store size:

Under 30,000 sq. ft.	79
30,000 to 60,000	70
60,000 to 100,000	61
100,000-plus	60

Source: DSN/Leo J. Shapiro & Associates

Where Name Brands Are Growing

Department	All Discounters	Conventional Discounters	Upscale Discounters
Ladies' Apparel	26%	25%	31%
Men's Apparel	23	25	12
Hardware	18	20	10
Housewares	20	18	28
Health & Beauty Aids	16	16	15
Consumer Electronics	8	8	8
Sporting Goods	8	7	5
Cosmetics	8	10	—
Children's Apparel	7	5	16
Photo & Camera	4	3	9

Ladies' apparel saw the greatest influx of national labels in the last year, according to a *DSN* poll of store managers. Of those surveyed, 26% said branded stocks grew in ladies' more than in any other department.

Source: DSN/Leo J. Shapiro & Associates

Store Managers Expect Gains In Overall Volume This Year

% of Gain	All Discounters	Conventional Discounters	Upscale Discounters
0%-5%	11%	11%	9%
5%-9%	9	9	14
10%-15%	31	32	45
16%-plus	19	22	10

Source: DSN/Leo J. Shapiro & Associates

Several Makers Get Top-Brand Mentions

Personal Care

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
General Electric	65%	67%	56%
Conair	63	68	41
Clairol	48	43	73
Norelco	28	26	30
Gillette	21	18	35
Vidal Sassoon	16	13	32
Sunbeam	13	13	12
Schick	9	8	15
Store brand/PL	5	4	6

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
General Electric	58%	88%	41%	56%
Conair	92	48	78	43
Clairol	30	52	35	76
Norelco	14	28	26	34
Gillette	7	21	19	25
Vidal Sassoon	—	37	4	29
Sunbeam	9	17	4	10
Schick	—	3	5	11
Store brand/PL	7	—	11	8

Source: DSN/*Leo J. Shapiro & Associates*

There's been more talk about cutting back assortments in personal care electronics than action.

The reason is probably that manufacturers have been making cutbacks difficult with their constant unleashing of new product styling and packaging and their sharp price promotions.

Consequently, the top brands lineup in personal care electrics shows several manufacturers with a healthy number of best seller nominations by store managers.

Interestingly, General Electric won the blue ribbon as the best-selling brand among "all" discount chains with 65% of the store managers naming it. Just one percentage point behind was Conair with 54%.

However, General Electric wound up in second place in the conventional and upscale chain breakouts.

The top brand among conventional chains, according to store managers, was Conair with 68% mentioning this supplier.

Among the upscalers, it wasn't GE or Conair which came out on top. Store managers, 73% of them, named Clairol as the personal care appliance leader. Clairol was the third-ranking brand among "all" chains and among the conventionals.

Norelco was the fourth-place brand among "all" discounters and among the conventional chains. Among the upscalers, Norelco dropped down to sixth place; the fourth place spot was given to Gillette.

More Winners

When store managers from four individual chains were asked their best sellers, General Electric was the leader at one chain, Wal-Mart. At the Bentonville-based chain, GE dominated the store manager tally with 88% of them naming this brand.

K mart managers also turned up a clearly dominant top brand with 92% of its managers naming Conair.

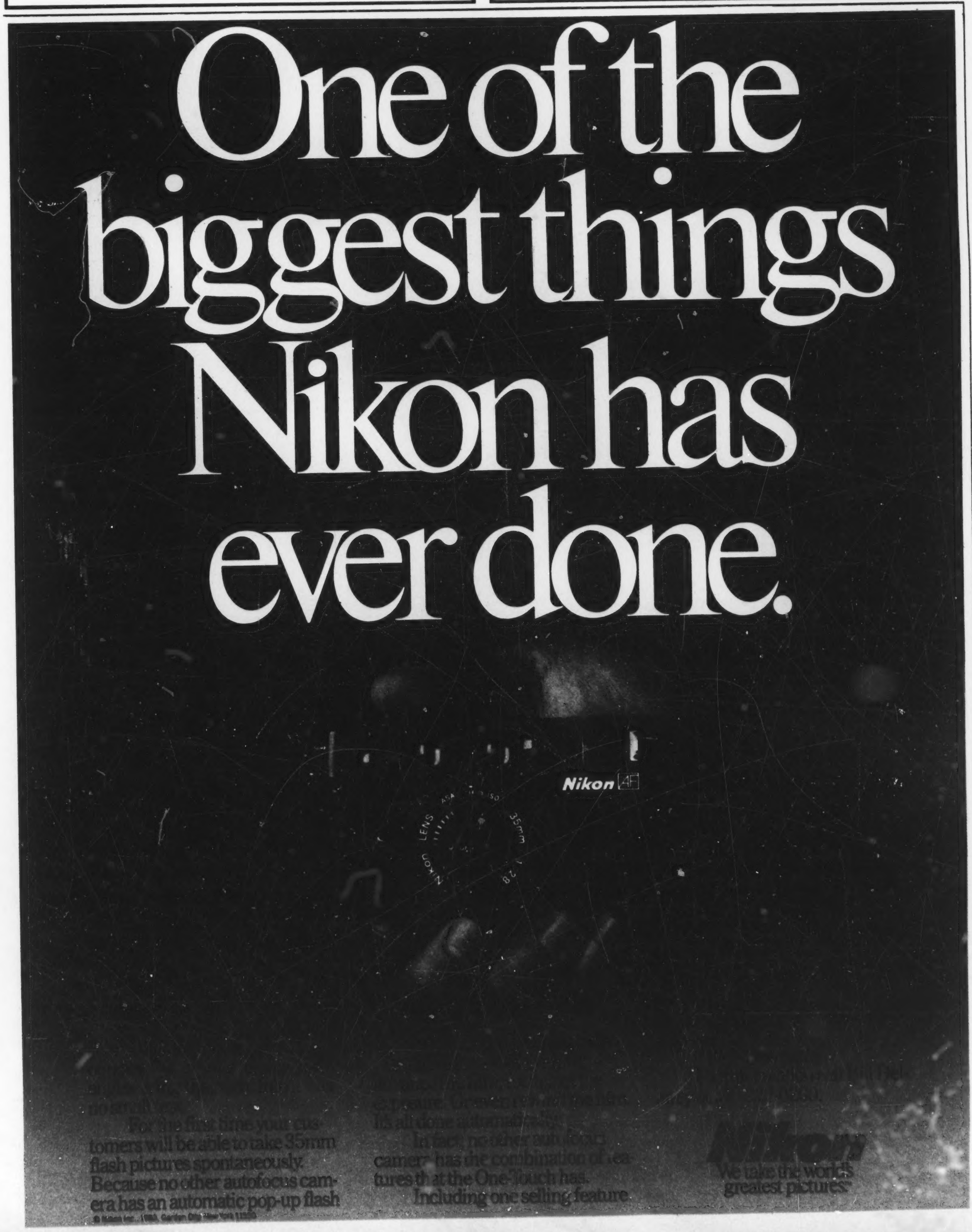
This supplier was also the leader at Zayre with 78% of its managers mentioning this brand.

At Target the top brand was Clairol with 76% of the managers naming it.

In fact, all four chains' listings of their top three brands included the same names—General Electric, Conair and Clairol—but in a different order.

The list of the top three brands matched in the case of two chains. K mart and Zayre store managers named their top three as fol-

(Continued on page 22)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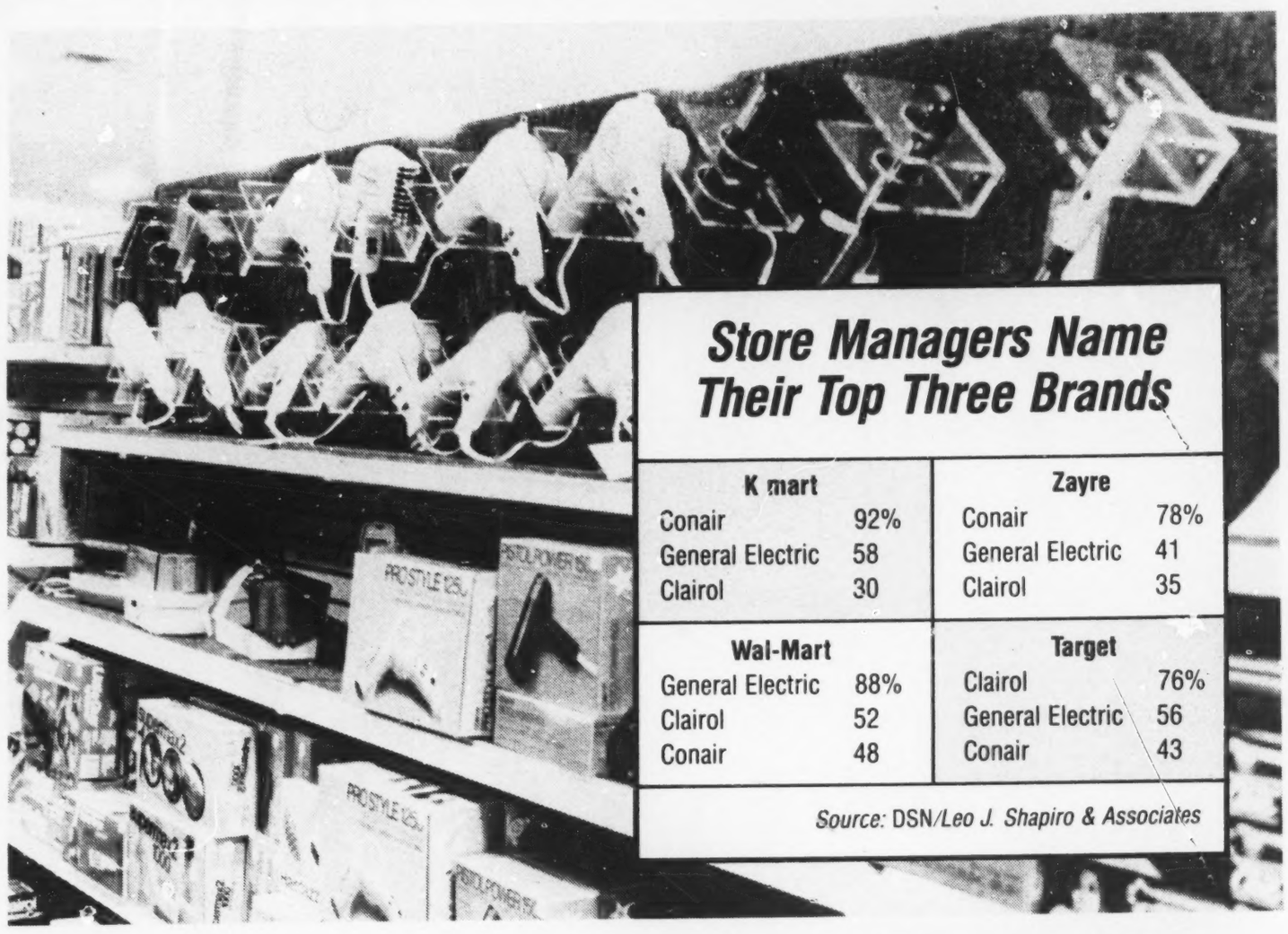
Personal Care

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
General Electric	72%	61%	63%	68%
Conair	67	66	57	66
Clairol	28	51	50	56
Norelco	33	22	28	26
Gillette	15	27	15	27
Vidal Sassoon	21	20	15	7
Sunbeam	12	16	12	11
Schick	9	8	4	20
Store brand/PL	3	4	7	2

Source: DSN/*Leo J. Shapiro & Associates*



Store Managers Name Their Top Three Brands

K mart		Zayre	
Conair	92%	Conair	78%
General Electric	58	General Electric	41
Clairol	30	Clairol	35
Wal-Mart		**Target**	
General Electric	88%	Clairol	76%
Clairol	52	General Electric	56
Conair	48	Conair	43

Source: DSN/*Leo J. Shapiro & Associates*

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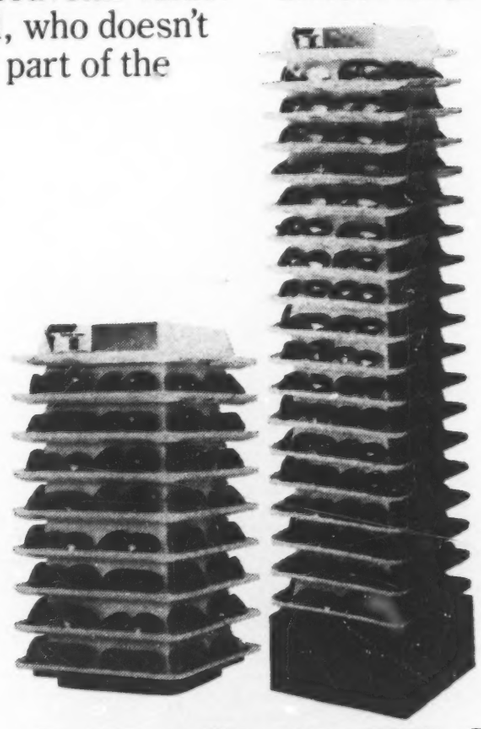

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Personal Care

(Continued from page 20)

lows: Conair, first; General Electric, second, and Clairol, third.

Vidal Sassoon didn't make the list of the top five brands for "all" discounters. But, it had a better showing from Wal-Mart and Target store managers.

With 37% of Wal-Mart's managers naming the brand, it took fourth place among Wal-Mart's top five. At Target, 29% of its managers named Vidal Sassoon, putting the brand in fifth place for Target.

On a regional basis, General Electric almost swept the map, taking the top slot in 3 out of 4 areas. It was the best-selling brand, according to store managers, everywhere but in the South.

Southern store managers cast their votes for Conair as the best seller.

Store brand/private label merchandise turned in a fairly strong showing in personal care. The strength of PL merchandise wasn't surprising since many chains are going that route to beef up the bottom line of this low-margin category. And, brand suppliers are offering PL knock-offs of their own best-selling items.

Among "all" discount chains, 5% of the store managers named the store brand as a best seller, as did 4% of the managers at conventional chains and 6% from upscale chains.

Those numbers were higher from some of the individual chain store managers. For example, 11% of Zayre's managers mentioned PL as a best seller; 8% at Target, and 7% at K mart.

On a regional basis, store brands ranked highest in the North Central area with 7% naming them as best sellers. Store brands got their lowest rating in the West where only 2% of the store managers named them as best sellers.

Leaders in Five Categories Win Easily

The top five brands in the stationery department write a clear picture of the branded leaders in their respective categories.

Mead, tied for the top spot in stationery, was mentioned by 53% of all store managers and was the only source of notebook/filler paper that made the top brands list.

Just as Mead clearly dominates in the stationery category, Bic, also named by 53% of the managers, was far and away the leader among the six pen suppliers that also made the list of the top brands in the department.

Papermate scored closest to Bic, with the former named by 42% of all store managers. Parker and Scripto tied for fourth position, each being named by 13%.

With mentions by 20% of all store managers, American Greetings took third position among the leading stationery brands.

Fifth place went to Crayola, a firm which fills its own unique classification niche.

Pentel and Sheaffer, each mentioned by 7% of the store managers round out the list of stationery's top brands.

Managers at conventional and upscale chains didn't agree on their respective top brand. The conventionals, 56% of them, said Bic. At the upscale chains, 63% of the managers named Mead.

A Closer Look

While Mead was the clear winner with the upscalers, since the second ranking brand, Bic, was named by 40%, the conventional chain managers saw more of a nose-to-nose race between the top two.

Among the conventional chain managers 52% named Mead, very close to their number of mentions for Bic.

Conventionals and upscalers also disagreed on their third spot. The winner among the conventionals was Papermate, mentioned by 44%. At the upscale chains, the nod went to American Greetings, named by 31%.

Among the four individual chains polled, two, K mart and Zayre put Bic at the head of the list of their top three brands.

Wal-Mart and Target managers put Mead in first place, both by a wide margin. Of Wal-Mart's managers, 86% named Mead; 74% of Target's managers named this supplier.

Mead showed as one of the top three suppliers at 3 out of 4 of the individual chains polled. That brand didn't make Zayre's top three list. With 18% of Zayre's man-

(Continued on page 37)

Stationery

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Mead	53%	51%	63%
Bic	53	56	40
Papermate	42	44	29
American Greetings	20	18	31
Parker	13	14	8
Scripto	13	14	6
Crayola	12	11	15
Pentel	8	7	13
Sheaffer	7	6	12
Store brand/PL	11	11	6

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Mead	35%	86%	18%	74%
Bic	45	63	44	35
Papermate	42	46	40	21
American Greetings	4	14	26	32
Parker	20	15	15	1
Scripto	11	21	13	8
Crayola	28	6	13	16
Pentel	5	3	7	14
Sheaffer	7	9	—	3
Store brand/PL	20	3	22	3

Source: DSN/*Leo J. Shapiro & Associates*

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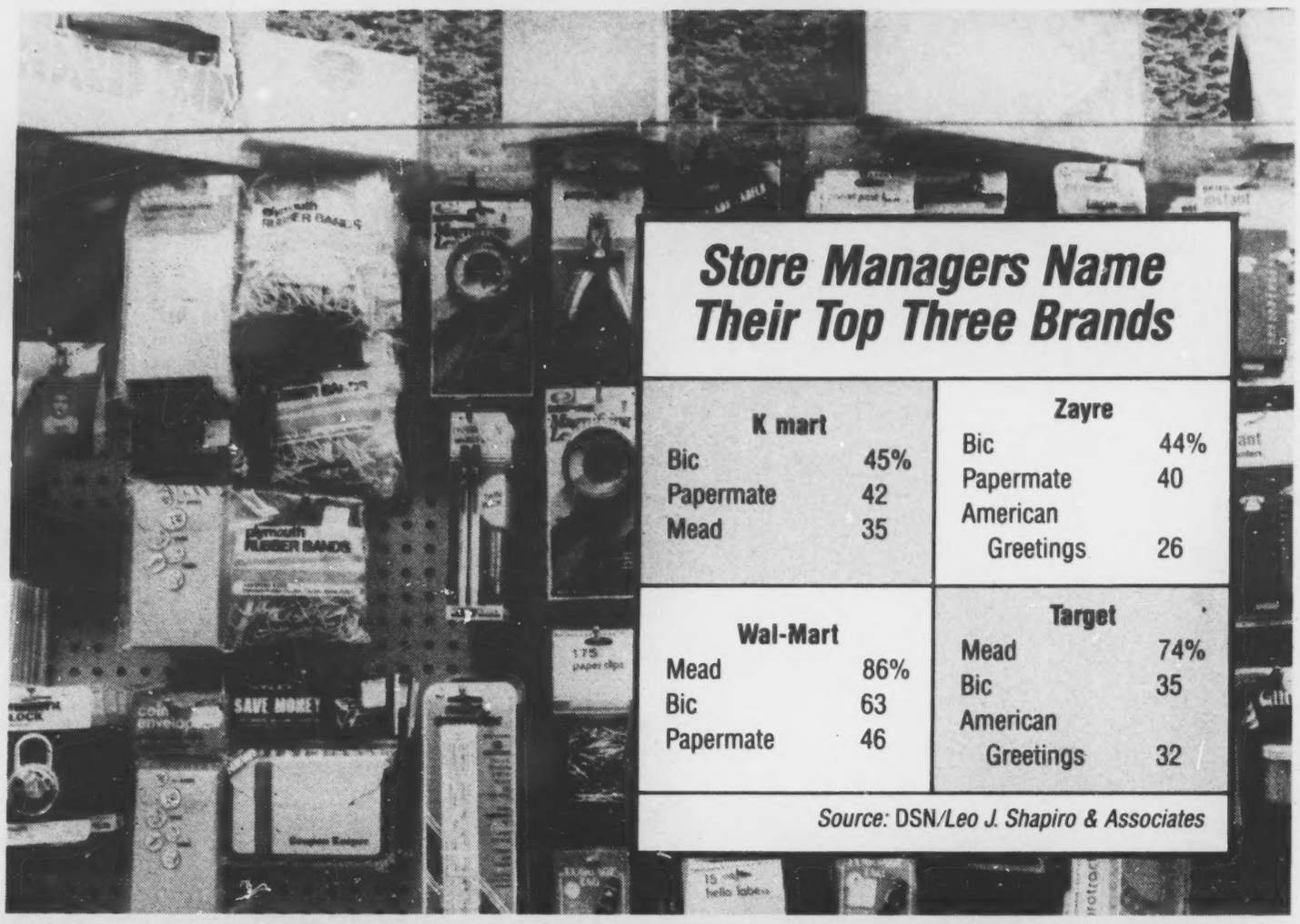
Stationery

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
Mead	37%	52%	61%	58%
Bic	60	49	45	65
Papermate	51	44	26	54
American Greetings	25	22	21	14
Parker	10	9	14	20
Scripto	20	9	14	12
Crayola	13	15	12	5
Pentel	6	10	6	8
Sheaffer	8	8	5	9
Store brand/PL	9	11	11	12

Source: DSN/*Leo J. Shapiro & Associates*



Store Managers Name Their Top Three Brands

K mart		Zayre	
Bic	45%	Bic	44%
Papermate	42	Papermate	40
Mead	35	American Greetings	26

Wal-Mart		Target	
Mead	86%	Mead	74%
Bic	63	Bic	35
Papermate	46	American Greetings	32

Source: DSN/*Leo J. Shapiro & Associates*

Stationery

(Continued from page 33)

agers mentioning it, it took fourth place.

American Greetings was among the top five brands at Wal-Mart, Zayre and Target. But it was mentioned as a best seller by only 3.5% of K mart managers.

Similarly, Parker scored high with three of the chains surveyed individually, but the brand didn't show much strength with Target managers. Just 1% of them named Parker as a best seller and 8% named Scripto. That meant the strongest brands in pens at Target were Bic, Papermate and Pentel—in that order.

Area of Reliance

Store brand/private label turned in a strong performance in the stationery area. Managers of "all" discount chains, 11% of them, mentioned it as a best seller. Store brand programs got a much heavier response from managers at conventional chains. Of them, 11% named store brands as a best seller, compared to just 6% of the managers at upscale chains.

Managers at two chains reported their store brands as particularly strong—K mart and Zayre.

At Zayre 22% of the chain's managers named the store brand as a best seller. That number was large enough to make the Zayre store brand in stationery the fourth ranking in the department.

K mart's managers mentioned the store brand frequently enough to rank it the fifth best-selling brand in the department. The store brand was named by 20%.

Store brand/PL scored much lower at Wal-Mart and Target. The store brand was named a best seller by only 3% of their respective store managers.

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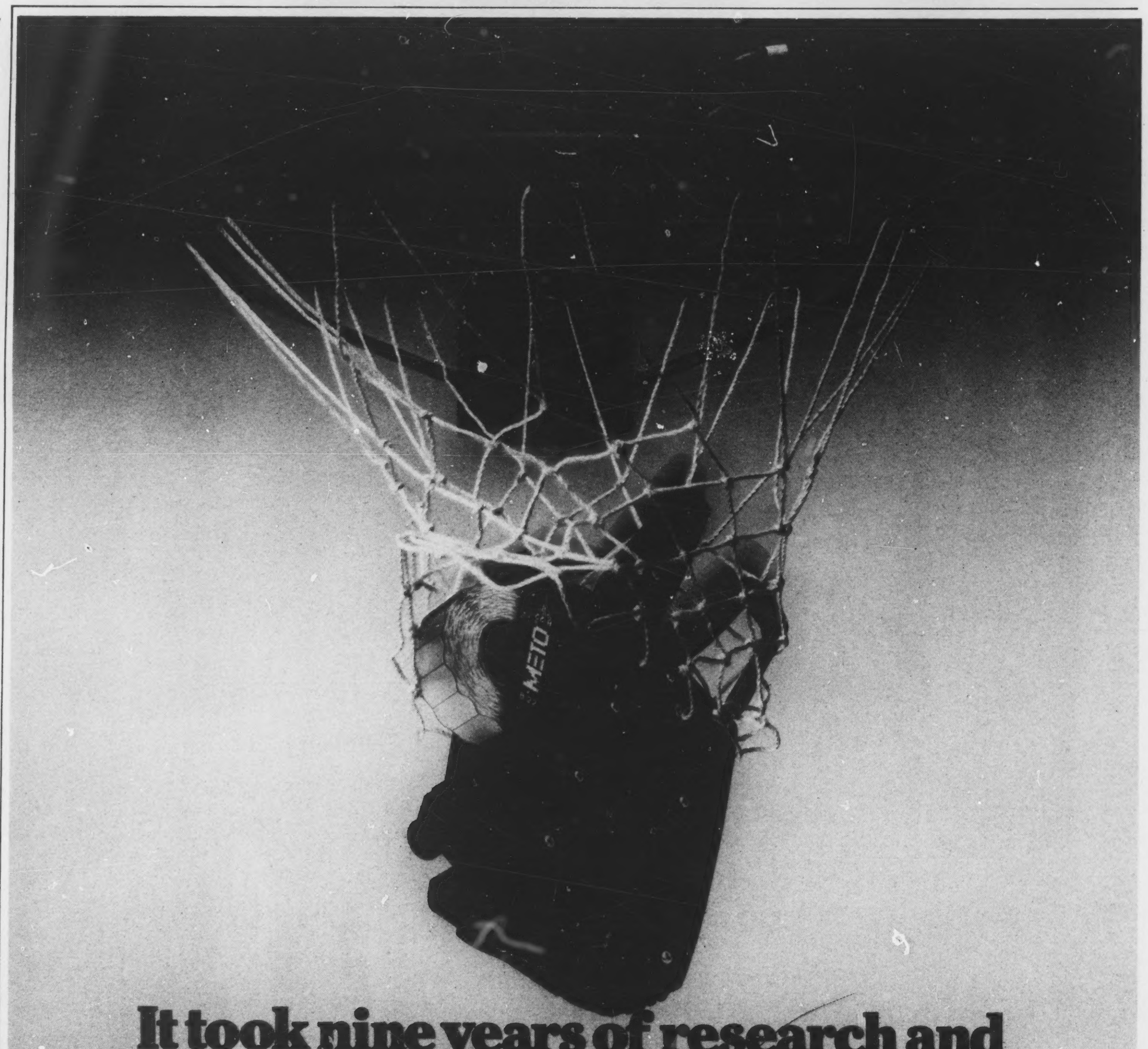
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Leaders Reflect a Variety of Categories

The variety of categories represented among automotive's top brands demonstrates the department's broad-based sales draw.

Quaker State, mentioned by 63% of all store managers polled and well entrenched in automotive's top spot, led five other oils on the top brands list—Pennzoil, Valvoline, Havoline, Mobil and Exxon—the highest of these having been named by managers 39% of the time. However, brands of chemicals, replacement parts, batteries and waxes also scored high.

Just as Quaker State dominated the oil segment, Champion, named by 39% of store managers and the second leading brand overall, ran away with replacement parts honors.

Fram, fifth overall, scored closest to Champion, by being named 23% of the time. Lee, at 15% and ninth overall, barely edged Autolite's 13% level for third position among replacement parts, and left motorcraft at 5%.

Prestone was the leading chemical to make the top brands list at 16%, beating STP's 14% level of mentions. Prestone took eighth place among the leading automotive brands.

AC-Delco was the leading battery brand; at 23% it was rated fourth overall by store managers. Turtle Wax, at 12%, was the lone auto body care item to make the list.

Significantly, the top five brands represented three diverse product segments.

Although managers at conventional and upscale chains agreed on Quaker State as their respective top brand, they differed widely on the 10 next most important brands. For instance, AC-Delco fared better than twice as well among upscale discounters than at conventional chains.

For most others, however, traditional outlets were the kindest. Fram was mentioned five times more often, Prestone and STP four times as frequent, and Lee and Autolite roughly double the number of times at conventional stores.

(Continued on page 44)

Automotive

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Quaker State	67%	70%	51%
Champion	39	41	30
Pennzoil	39	39	37
AC-Delco	23	19	44
Fram	23	26	5
Valvoline	18	17	22
Havoline	16	16	20
Prestone	16	18	4
Lee	15	16	9
STP	14	16	4
Autolite	13	14	6
Turtle Wax	12	13	11
Mobil	8	5	23
Motorcraft	5	4	13
Exxon	5	6	—
Store brand/PL	4	4	—

Source: DSN/*Leo J. Shapiro & Associates*

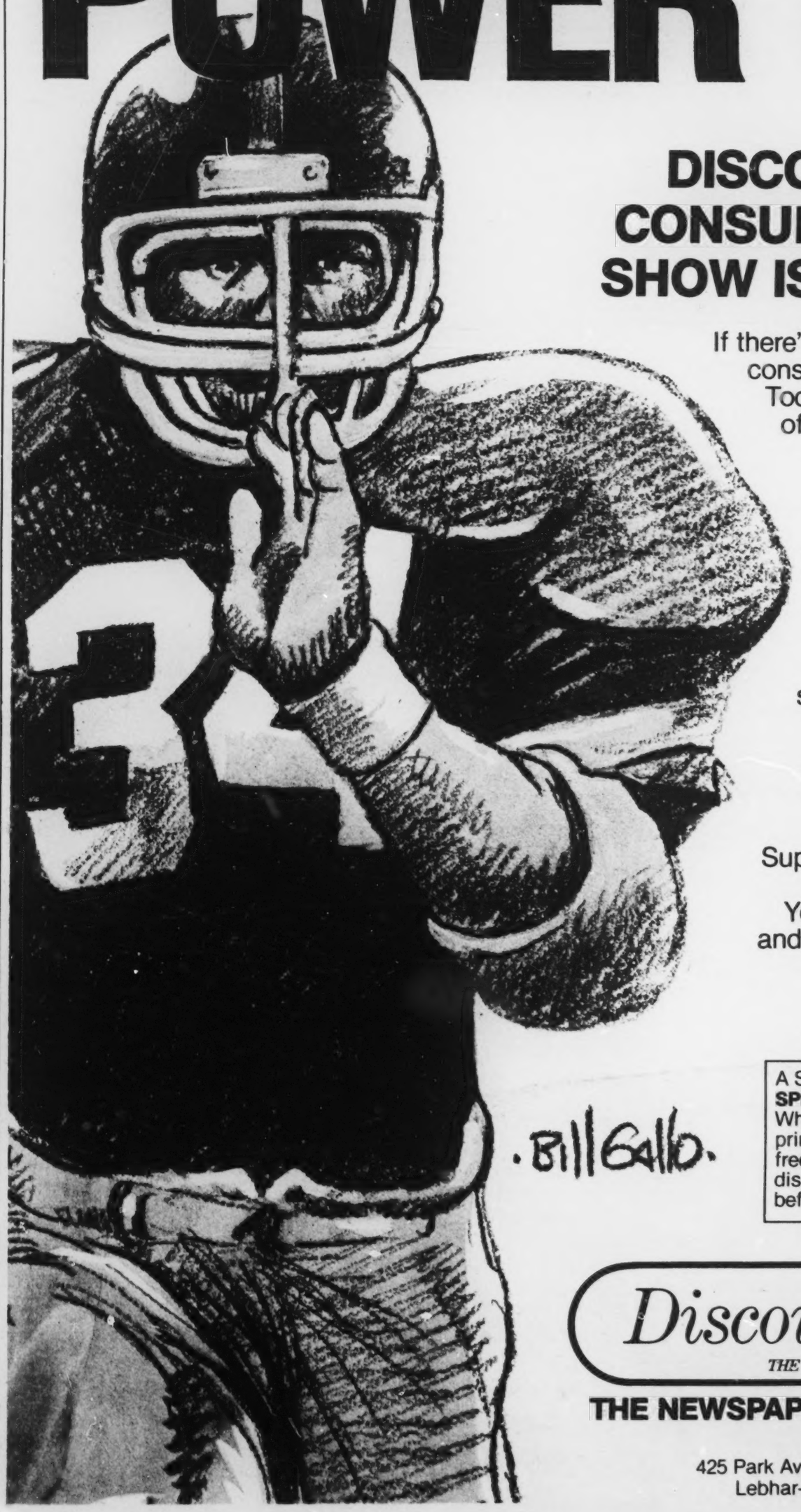
Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Quaker State	50%	68%	93%	44%
Champion	23	43	58	29
Pennzoil	24	77	4	41
AC-Delco	15	20	5	46
Fram	28	69	4	—
Valvoline	7	34	11	21
Havoline	11	31	7	18
Prestone	14	14	30	5
Lee	3	—	56	—
STP	13	23	4	5
Autolite	6	18	7	5
Turtle Wax	11	12	7	8
Mobil	—	—	3	21
Motorcraft	2	11	—	16
Exxon	3	3	41	—
Store brand/PL	11	—	7	—

Source: DSN/*Leo J. Shapiro & Associates*

- Northeast: 7%
- South: 3%
- North Central: 6%
- West: 3%

In automotive, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the Northeast—*7%. Source:* DSN/*Leo J. Shapiro & Associates*



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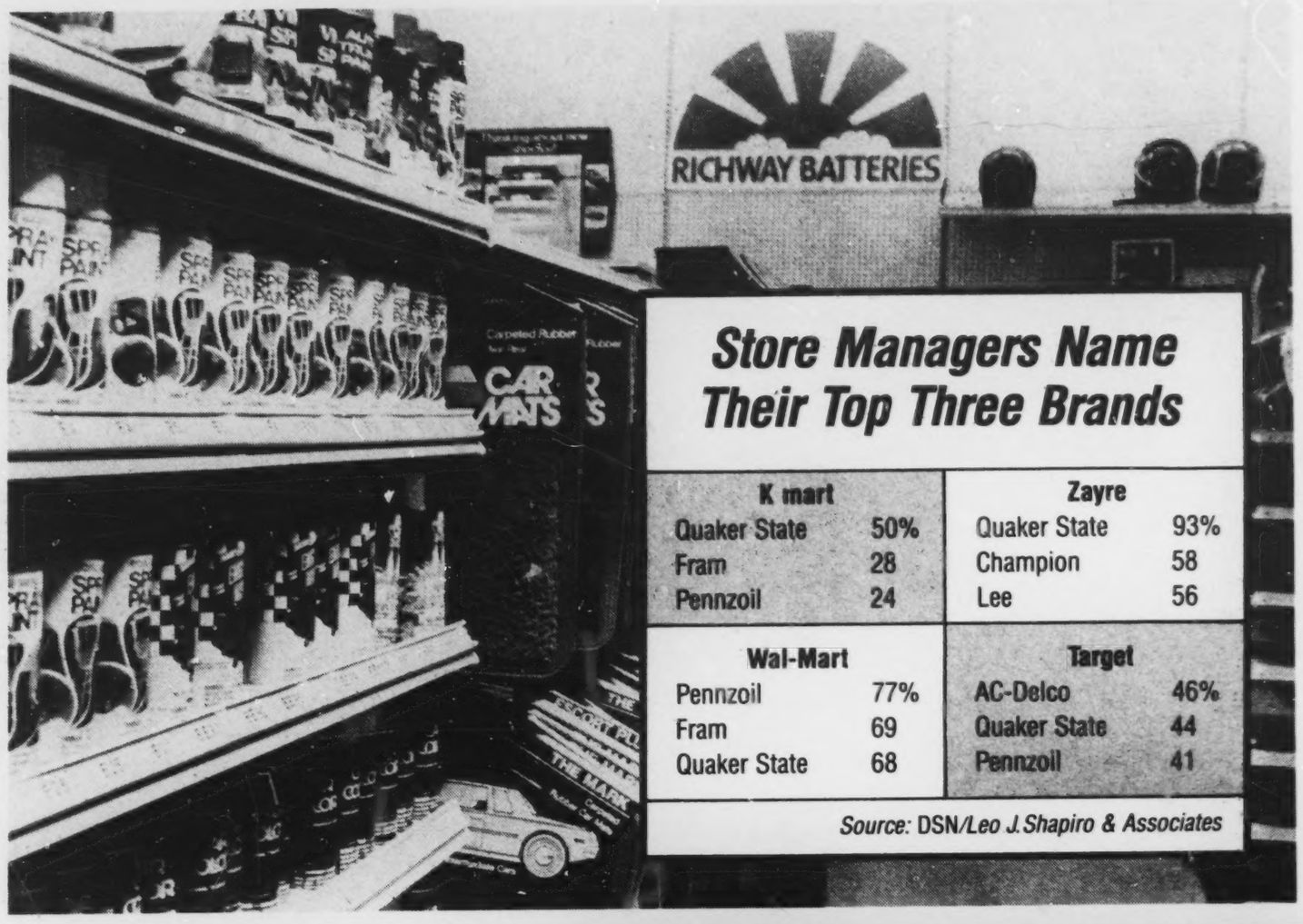
Automotive

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
Quaker State	73%	71%	63%	58%
Champion	43	38	35	42
Pennzoil	13	31	44	66
AC-Delco	18	21	33	15
Fram	6	26	20	37
Valvoline	16	22	15	18
Havoline	3	23	15	20
Prestone	21	11	11	26
Lee	27	14	10	11
STP	11	21	11	10
Autolite	12	12	9	21
Turtle Wax	20	10	10	12
Mobile	18	3	10	2
Motorcraft	9	2	8	3
Exxon	9	8	4	—
Store brand/PL	3	2	6	3

Source: DSN/Leo J. Shapiro & Associates



Store Managers Name Their Top Three Brands

K mart	
Quaker State	50%
Fram	28
Pennzoil	24

Zayre	
Quaker State	93%
Champion	58
Lee	56

Wal-Mart	
Pennzoil	77%
Fram	69
Quaker State	68

Target	
AC-Delco	46%
Quaker State	44
Pennzoil	41

Source: DSN/Leo J. Shapiro & Associates

Automotive

(Continued from page 43)

In the No. 2 slot, Champion and Pennzoil at about 40% were nose-to-nose in conventional stores, and the next overall brand, AC-Delco, rushed past them by a wide margin at upscalers.

When store managers at four leading chains were asked to name their three top selling brands, only two, K mart and Zayre, placed Quaker State at the head of the list, albeit with considerable support—respective 50% and 93% incidences of mention.

On the other hand, Wal-Mart managers put Pennzoil in first place, as Target managers did with AC-Delco. However, managers named these brands comparatively fewer times—77% and 45%, respectively.

Adding It Up

Indeed, Quaker State surfaced as one of the top three suppliers at each of the top four chains polled. Pennzoil made the grade at 3 out of 4. With just 4% of Zayre managers mentioning it, the brand took 12th place there.

Fram was among the top three brands at K mart and Wal-Mart. But, it was mentioned as a best seller by only 4% of Zayre managers.

Similarly, Champion and Lee scored high with Zayre managers, but were mentioned as best sellers far fewer times by other leading chains.

Notably, store brands and private label turned in an overall good performance in automotive. Among managers of all discount chains polled, 4% of them mentioned it as a best seller.

Store brand programs, however, found greater strength among 11% of K mart managers and 7% of Zayre managers polled. Indeed, at K mart, private label was named as the eighth strongest brand by managers; at Zayre, it tied for the seventh spot.

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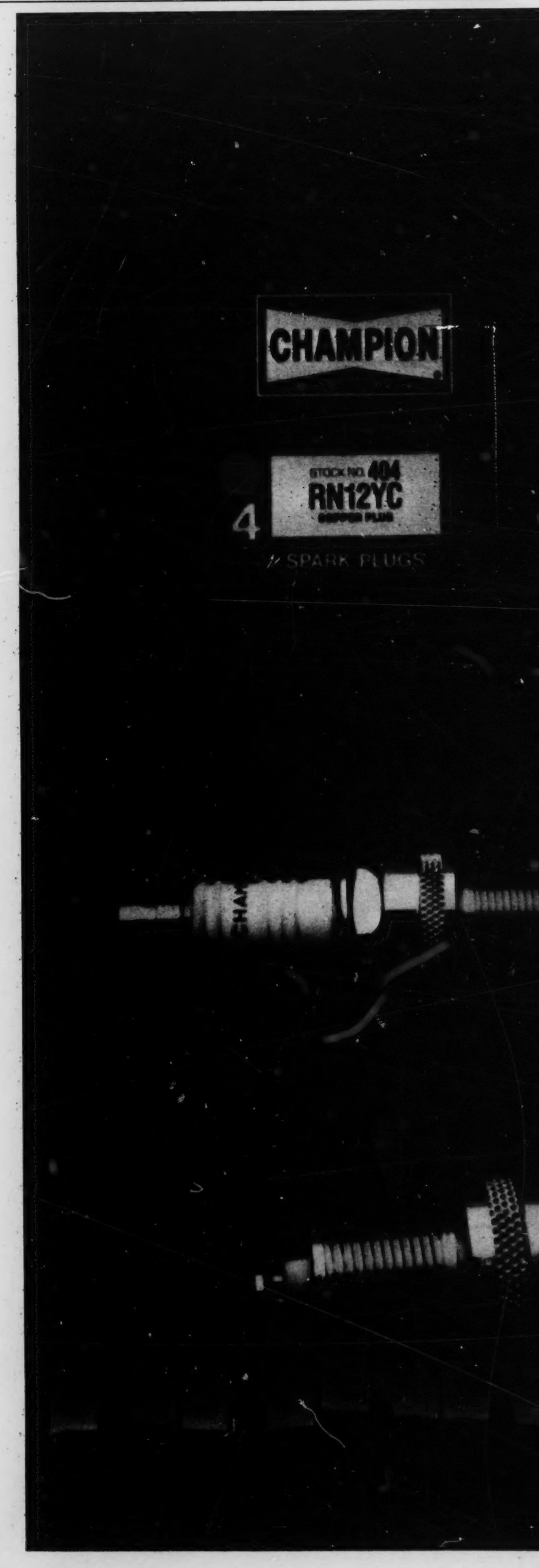


Top Brands Differ at Old-liners, Upscalers

Cosmetics

Top Brands Vary by Type of Outlet

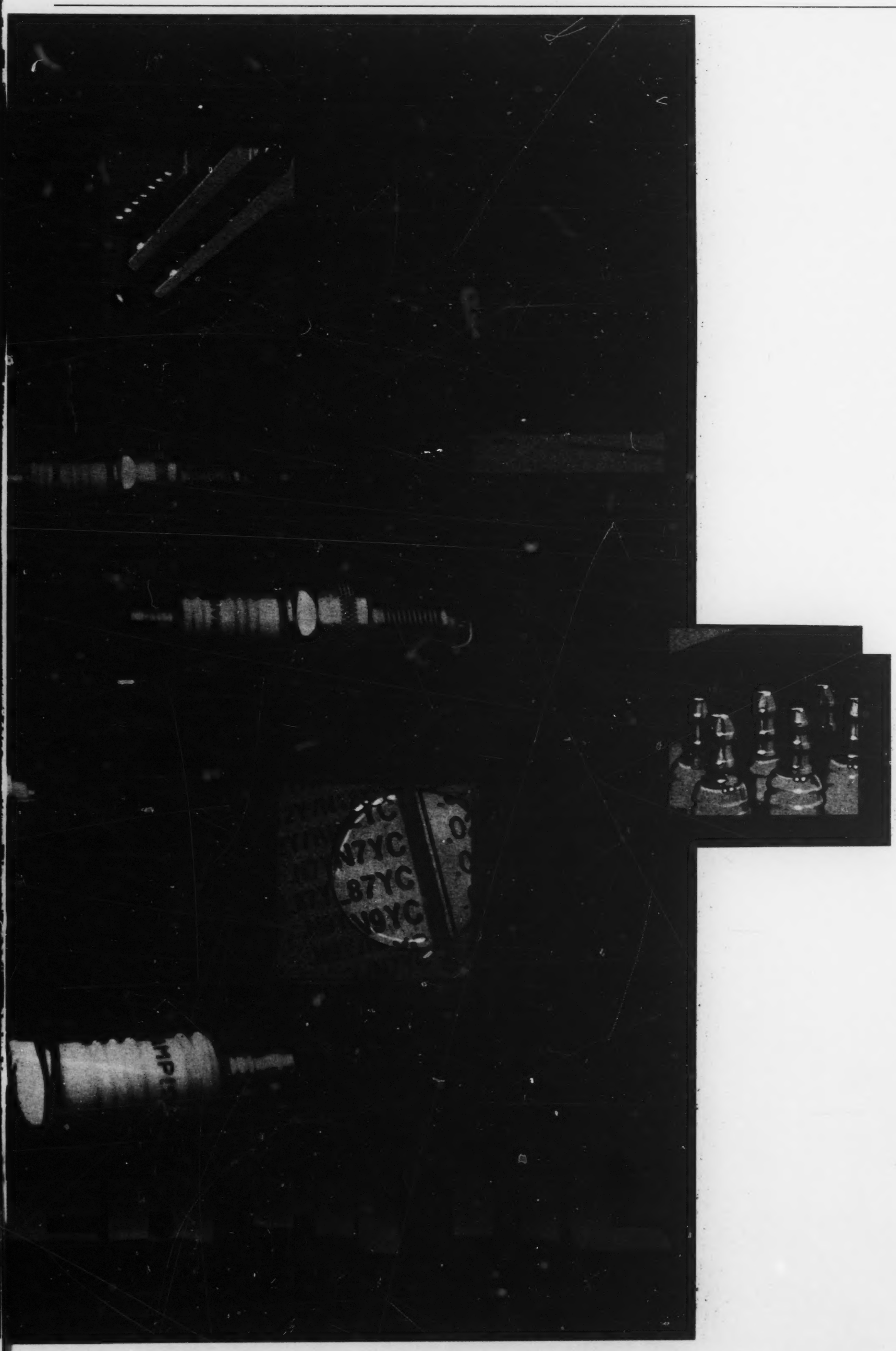
Brands	All Discounters	Conventional Discounters	Upscale Discounters
Maybelline	83%	83%	81%
Revlon	70	65	96
Cover Girl	51	52	46
Max Factor	50	47	67
Aziza	19	14	41
L'Erin	12	11	18
L'Oreal	12	14	4
Noxell	9	9	11
Coty	8	9	5

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Maybelline	94%	80%	89%	84%
Revlon	63	89	58	95
Cover Girl	59	41	51	54
Max Factor	53	37	44	69
Aziza	6	14	49	39
L'Erin	16	11	5	11
L'Oreal	19	6	4	5
Noxell	25	6	5	13
Coty	1	3	4	3

Source: DSN/*Leo J. Shapiro & Associates*



What emerges from the list of best-selling brands in cosmetics departments is that the conventional chains and the upscale chains appear to be moving in separate directions.

Four brands—Maybelline, Revlon, Cover Girl and Max Factor—went to the head of the pack among all discounters; Aziza took fifth place in the departmental lineup.

However, the positions of the two top-selling brands—Maybelline and Revlon—were reversed when the responses of store managers from conventional vs. upscale chains were tallied.

A total of 83% of store managers, from all types of discounters, responded that their top brand was Maybelline. At conventional chains Maybelline stayed at the top of the list, with 83% stating the line was their store's top brand.

Managers at upscale stores had something else to say: 96% named Revlon as the top-ranking brand. At the upscale-type outlet, Maybelline was ranked second.

Virtually the entire list of top brands in cosmetics shows this divergent pattern between conventional and upscale stores. With Max Factor and Aziza, ranking four and five overall this conventional/upscale parting of the ways is in sharper focus.

Figures Analyzed

Max Factor was the fourth best-selling brand by 47% of conventional store managers, but 67% of the store managers at upscale chains named this brand as a top seller, ranking it third among the upscalers.

Aziza ranked fourth among the conventional and upscale chains, but 41% of the upscale store managers named the line as a best seller compared to only 14% of the managers at conventional chains.

Target and Wal-Mart were the two chains with store managers naming Revlon as the best-selling line in the department. K mart and Zayre managers put Maybelline on top.

Northeast: 15%

South: 5%

North Central: 6%

West: 9%

In cosmetics, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the Northeast—15%. *Source:* DSN/*Leo J. Shapiro & Associates*

Dentifrices, Hair Care Dominate Listing

Health & Beauty Aids

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Crest	46%	46%	44%
Colgate	34	32	41
Johnson & Johnson	33	32	37
Revlon	31	30	38
Clairol	25	27	17
Procter & Gamble	21	21	24
Listerine	11	10	15
Scope	8	9	2
Store brand/PL	1	1	—

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Crest	40%	58%	45%	37%
Colgate	25	37	52	33
Johnson & Johnson	30	48	22	38
Revlon	25	48	34	44
Clairol	47	17	9	21
Procter & Gamble	19	14	20	27
Listerine	7	12	19	18
Scope	3	12	11	—
Store brand/PL	—	—	—	—

Source: DSN/*Leo J. Shapiro & Associates*

The top brands named in health & beauty aids are a reflection of the weight discounters give dentifrices and hair care products.

Each of the top eight brands mentioned by store managers as best-selling falls into one or the other of these categories, with the exception of Johnson & Johnson, which is both hair care and baby products.

No brands in other staple areas—such as analgesics, deodorants or feminine hygiene—were mentioned frequently enough to make the list of the top eight brands.

Predictably, two heavily promoted toothpaste brands went to the head of the class. Crest was named by all store managers, including managers of the conventional and upscale chains, as the top brand in the department. Coming in second for all types of outlets was Colgate.

The Crest vs. Colgate duel turned up as more toe-to-toe at the upscale chains where these two brands were mentioned by store managers as best sellers by 44% and 41%, respectively.

The gap between these two brands was wider at conventional chains. There, 46% of the store managers responded Crest was the best seller; 32% said Colgate.

Revlon, Johnson & Johnson and Listerine were three more brands showing greater selling strength at the upscalers than at the conventional outlets.

Clairol and Scope were mentioned as best sellers more frequently by managers of conventional chains.

Although Crest was the leading brand in the "all" discounters consensus, the store managers at the individual chains came up with a different top-selling brand.

K mart managers, 47% of them, gave the top spot to Clairol; 52% of Zayre's managers mentioned Colgate, and 44% of Target's managers said the top brand was Revlon. Only Wal-Mart's managers, 58% of them, said Crest was the dominant brand at their chain.

(Continued on page 51)

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Northeast: 5%

South: 19%

North Central: 22%

West: 10%

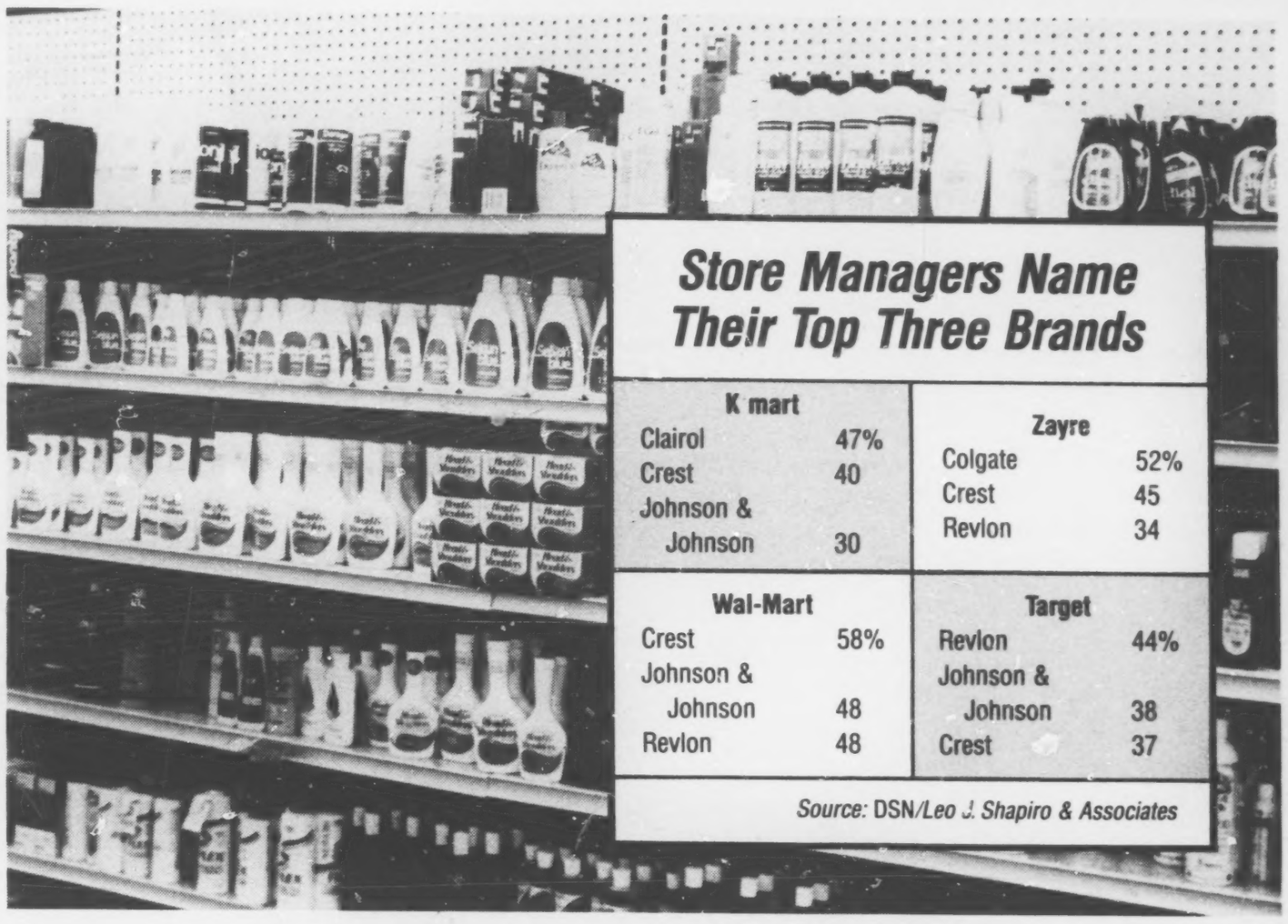
In health & beauty aids, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the North Central States—22%. *Source:* DSN/*Leo J. Shapiro & Associates*

Health & Beauty Aids

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
Crest	40%	51%	46%	40%
Colgate	42	42	30	19
Johnson & Johnson	29	29	27	50
Revlon	30	30	33	30
Clairol	24	21	24	35
Procter & Gamble	23	21	16	29
Listerine	11	13	10	7
Scope	13	6	9	4
Store brand/PL	—	—	2	—

Source: DSN/*Leo J. Shapiro & Associates*



Store Managers Name Their Top Three Brands

K mart		Zayre	
Clairol	47%	Colgate	52%
Crest	40	Crest	45
Johnson & Johnson	30	Revlon	34
Wal-Mart		**Target**	
Crest	58%	Revlon	44%
Johnson & Johnson	48	Johnson & Johnson	38
Revlon	48	Crest	37

Source: DSN/*Leo J. Shapiro & Associates*

H&BA

(Continued from page 46)

A look at the top three brands at these major chains shows Crest is the only brand that turned up consistently on each chain's list.

Two brands in mouthwashes—Listerine and Scope—were mentioned as top sellers frequently enough to make the top eight listing.

More store managers at the upscale chains mentioned Listerine as a best seller than mentioned Scope. At upscale chains 15% mentioned Listerine; 2% said Scope.

Listerine and Scope ran almost neck-and-neck among conventional store managers.

Polling store managers on health & beauty aids turned up a couple of surprises. One of them was in response to the question: name departments in which the number of national brands increased this past year.

Further Developments

Store managers, on a regional basis, came up with totally different views of brand growth.

Managers in the Northeast and South saw little brand growth, with just 5% and 10% of the store managers, respectively, naming health and beauty aids.

Contrast those numbers to the 19% of store managers in the South and 22% in the North Central area who named health and beauty aids.

These heavy mentions coming from the South and North Central regions are surprisingly high since health and beauty aids is a department traditionally heavily populated by top national brands. The 19% and 22% mentions aren't that far from mentions of other areas where brands are known to be on the increase, namely men's apparel with 23% mentions and ladies' apparel with 26% mentions.

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Five Suppliers Share Top Honors

Food, Candy, Snacks

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
M&M	49%	48%	53%
Planters	46	46	49
Frito-Lay	41	44	27
Hershey's	40	39	45
Brach's	26	29	15
Nabisco	16	15	21
Mars	16	13	29
Pepsi	13	11	22
Whitman	10	11	2
Coke	10	8	19
Fisher	8	7	13
Store brand/PL	2	2	2

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
M&M	45%	45%	48%	54%
Planters	50	57	37	44
Frito-Lay	45	63	52	31
Hershey's	31	49	33	48
Brach's	17	60	—	11
Nabisco	19	37	10	26
Mars	11	6	11	33
Pepsi	2	3	35	27
Whitman	27	—	—	3
Coke	1	9	—	23
Fisher	5	—	4	16
Store brand/PL	—	—	9	3

Source: DSN/*Leo J. Shapiro & Associates*

Snacks and candies are favorite foods of the nation's discounters. Discount store managers named snack and candy suppliers 11 times out of 12 as providing their best-selling foods. The other leading food supplier, Nabisco, ranked sixth on the list.

Although nearly one discounter in two named M&M and Planters as his best-selling food brands, the rankings of other leaders varied by store format.

For instance, Frito-Lay, Brach's and Whitman were markedly stronger in conventional stores like K mart, Wal-Mart and Zayre than in upscale chains.

All store managers polled named five suppliers consistently as their top sellers, regardless of store format—Planters, M&M, Frito-Lay, Brach's and Hershey's.

Coincidentally, the majority of managers who mentioned the top five brands most frequently also predicted overall store sales gains of more than 10% for 1983. As might be expected, these managers also reported an increase in the number of national brands carried in the food department this year.

However, store managers predicting 10%-plus sales growth this year cited the next tier of brands, including soft drink promotional leaders Pepsi and Coke, as best sellers considerably fewer times.

Brand mentions also varied among the top chains.

More than twice the percentage of Wal-Mart store managers named Frito-Lay as a prime performer than did Target managers. Even more diverse, nearly 60% of Wal-Mart managers cited Brach's, compared with a mere 17% at K mart and 10% at Target.

Since discounters generally position their food departments as traffic builders, brand names have a greater significance in this area of the store. Consumables sections marked by limited varieties of highly recognizable brand names leave little room for private label food programs at discounters.

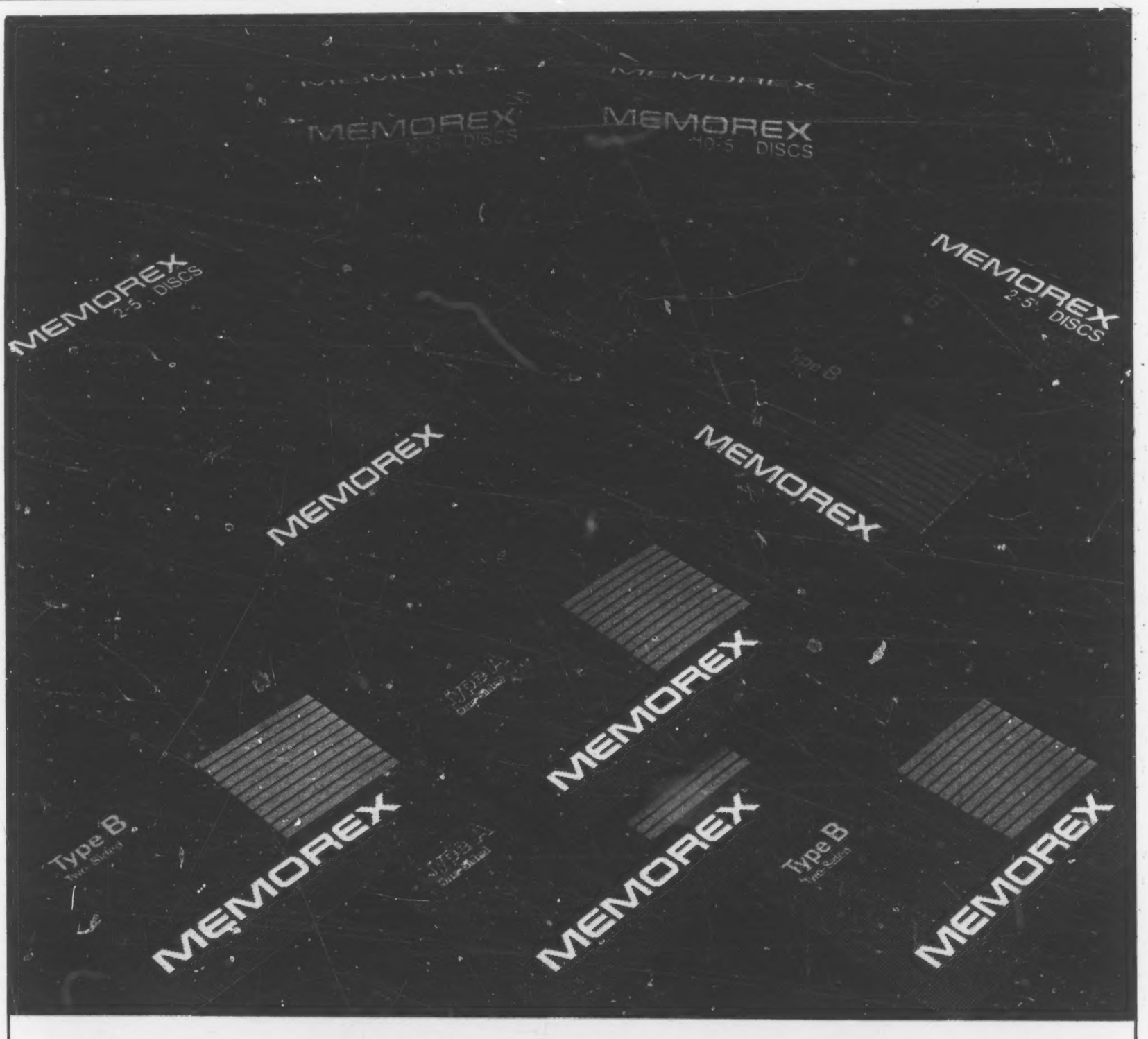
Northeast: 1%

South: 2%

North Central: 6%

West: 3%

In food, candy and snacks, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the North Central States—6%. *Source:* DSN/*Leo J. Shapiro & Associates*



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Many Suppliers Attract Strong Followings

Intense consumer demand for video games and major market inroads by toy supermarket chains have changed the complexion of discounter toy departments.

Narrower assortments and lower inventory investments have created smaller departments—but the new emphasis on productivity has allowed a long list of suppliers, leaders in a wide variety of classifications, to establish strong followings.

Fisher Price, maker of preschool and educational toys, ranked first in *DSN*'s national survey of discount store managers.

That top-place standing held among conventional and upscale discounters as well.

Mattel, Playskool, Kenner and Milton Bradley ranked second, third, fourth and fifth, respectively on the national survey—but conventional and upscale unit managers meted out some different rankings.

Upscale store managers ranked Playskool second with 68% of the managers polled favoring the brand as compared to 54% of the conventional store unit managers. Playskool was ranked third by the later group as in the national sampling.

Mattel ranked third among upscalers and second among conventional store managers.

Fourth- and fifth-place rankings were held by Kenner and Milton Bradley, respectively, in all groups.

Fisher Price's first-place ranking continued among the top four chains, as well.

The greatest number of K mart, Wal-Mart, Zayre and Target managers named the preschool toy maker first among toy suppliers. Target managers were most enthusiastic about Fisher Price, with 87% of the Target managers citing the manufacturer as the top brand as compared to 67% of the K mart managers.

K mart, Zayre and Target all ranked Playskool second, while Wal-Mart gave second place to Mattel.

Further down the list, Tonka, Huffy and Tomy got higher marks from upscale discounters than from their conventional store counterparts.

There were also regional differences.

No store managers in the West, for example, reported any brand label growth in their toy departments in the last year. Managers in the three other regions reported only minimal brand name stock additions.

Otherwise regional tastes paralleled national preferences, but varied by degree.

Toys

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Fisher Price	71%	67%	87%
Mattel	62	63	61
Playskool	56	54	68
Kenner	44	46	33
Milton Bradley	26	29	13
Tonka	20	18	27
Parker Brothers	20	22	8
Huffy	14	13	20
Tomy	11	10	17

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Fisher Price	67%	74%	84%	86%
Mattel	51	69	42	61
Playskool	60	63	67	63
Kenner	41	29	52	21
Milton Bradley	38	23	29	11
Tonka	19	8	19	34
Parker Brothers	19	23	28	—
Huffy	12	12	24	17
Tomy	8	3	7	18

Source: DSN/*Leo J. Shapiro & Associates*

Oft-Promoted, Big-Sale Items Entrenched

Even with some chains paring back the space given to kitchen and laundry cleaning supplies to make room for higher-margin housewares, the top brands list indicates that the often-promoted, big-volume-branded merchandise remains firmly entrenched in stocks.

To designate the top five brands list in the category eight brands were named, since store managers give tie scores for second, fourth and fifth places.

The leader in the category was Tide, mentioned by 39% of all store managers. Comet and Clorox, named by 21% of the managers, got the second spot. Ajax, mentioned by 18%, was in third place. Rubbermaid and Cheer, with 16% mentions, was fourth. Procter & Gamble and Fab came in fifth with 15% mentions. Not far behind these brands was Windex, named by 13% as a best seller.

In comparing the separate listing of conventional vs. upscale chain managers, Tide turned in a stronger performance with the upscalers, named by 58%, compared to 35% of the conventionals.

Other brands which received a heavier vote from the upscalers were Clorox, 31% compared to 19%; Rubbermaid, 25% compared to 14%, and Windex, 26% compared to 10%.

When individual chain managers listed their top brands, the response from K mart was Fab, mentioned by 28% of its managers. A total of 57% of Wal-Mart's managers named Tide. At Zayre the leader was Clorox.

A whopping 62% of Target's managers named Tide as their top brand, like the managers at Wal-Mart did. At Target, that 62% mentioned totally overwhelmed the closest competitor in its top brand lineup, Clorox, mentioned by 31%.

The competition was closer at Wal-Mart. Tide had 57% mentions, but Procter & Gamble was just behind.

Although Windex didn't make the top five list for all discounters or the conventional chains, this brand did place third on the list of the upscale chains.

On the individual chain listing, Windex was fourth at K mart, named by 20% of its managers. The brand was also fourth at Target, mentioned as a best seller by 24%.

Store brand/PL merchandise, according to store managers, has had very little impact on this category. Only 1% of all store managers and 1% of the managers at conventional chains named the store's own brand as a best seller.

With chains cutting back shelf space for kitchen and laundry supplies, it was predictable that store managers wouldn't mention this category as one with an increase in the number of brands stocked last year.

Kitchen And Laundry Supplies

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Tide	39%	35%	58%
Comet	21	21	22
Clorox	21	19	31
Ajax	18	20	11
Rubbermaid	16	14	25
Cheer	16	16	14
Procter & Gamble	15	15	15
Fab	15	16	11
Windex	13	10	26
Store brand/PL	1	1	—

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Tide	18%	57%	5%	62%
Comet	23	20	23	27
Clorox	13	14	30	31
Ajax	26	11	19	9
Rubbermaid	16	11	20	18
Cheer	3	37	7	9
Procter & Gamble	6	54	20	18
Fab	28	6	4	5
Windex	20	3	7	24
Store brand/PL	2	—	—	—

Source: DSN/*Leo J. Shapiro & Associates*

Stanley, Black & Decker Far in the Lead

Hardware

Top Brands Vary by Type of Outlet

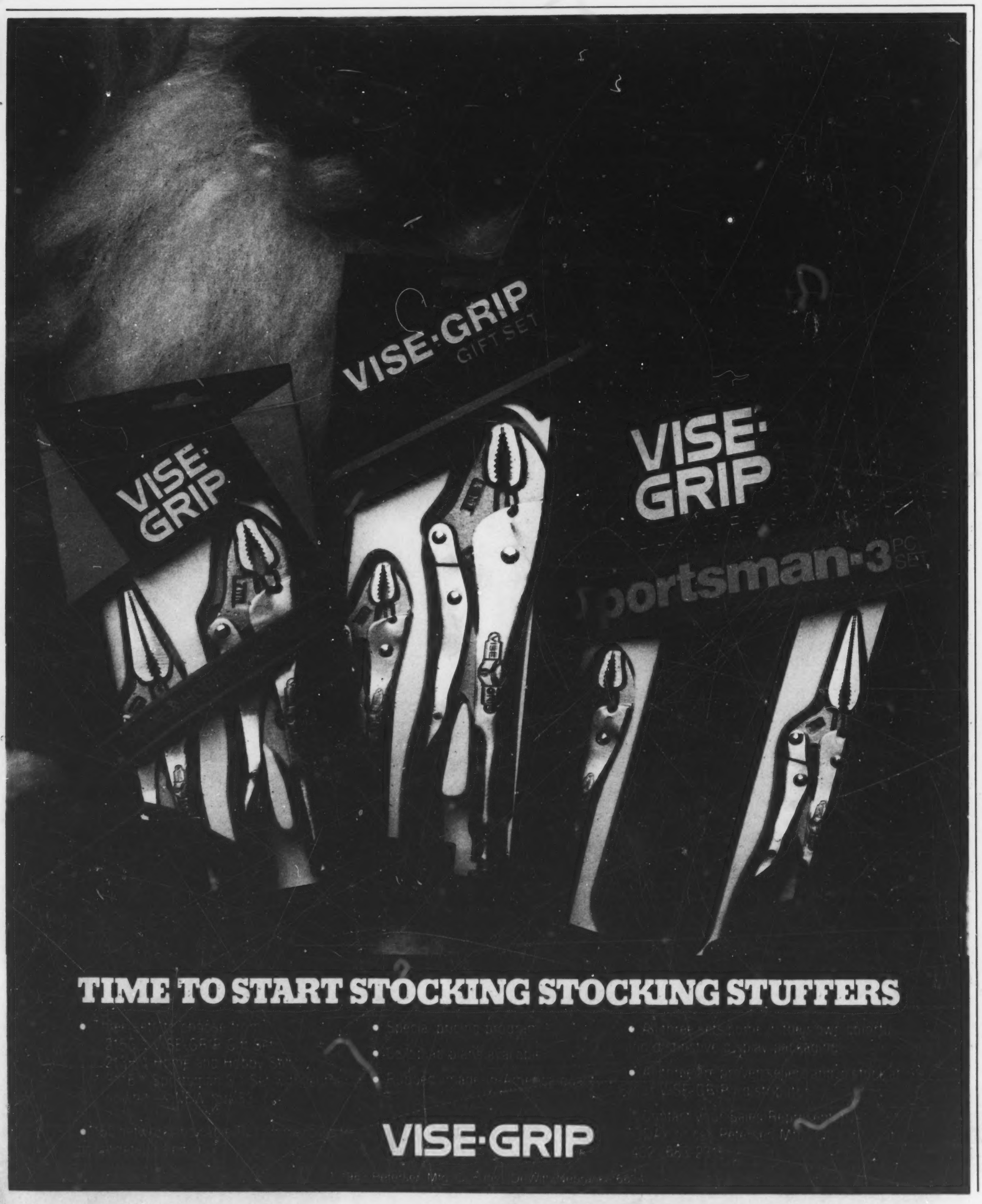
Brands	All Discounters	Conventional Discounters	Upscale Discounters
Stanley	82%	80%	63%
Black & Decker	81	82	77
Lucite	9	11	2
Glidden	8	3	33
General Electric	6	5	12
Hirsh	6	2	26
Olympic Paint	6	5	12
Du Pont	6	7	—
Skil	5	5	4
Great Neck	5	5	2
Genie	4	2	16
Store brand/PL	4	4	2

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Stanley	91%	86%	78%	54%
Black & Decker	93	86	84	71
Lucite	—	23	39	—
Glidden	5	—	—	41
General Electric	—	29	—	15
Hirsh	—	3	4	31
Olympic Paint	—	23	22	15
DuPont	—	6	21	—
Skil	—	—	—	5
Great Neck	5	—	17	3
Genie	—	3	13	20
Store brand/PL	8	—	5	3

Source: DSN/*Leo J. Shapiro & Associates*



Hardware is unequivocally a two-horse race between Stanley and Black & Decker which were cited as top brands by more than 8 out of 10 store managers nationwide.

Lucite came in a relatively weak third with its 9% overall incidence of mention.

Although the top two brands dwarfed the rest of the department, Black & Decker appeared to have more consistent support in stores of all formats; it was cited 82% of the time at traditional stores and 77% by upscalers. Stanley, on the other hand, was considerably stronger among managers of conventional units, at 86%, than at upscale chains, 63%.

Even Lucite's standing emanated largely from its strength at conventional stores—11%, compared with a 2% level of mention among upscalers.

To a lesser extent, the same was true for Great Neck, the 10th leading brand, which was cited 5% of the time by conventional store managers, and 2% at upscalers.

That's not the way it happened, however, for brands four through seven, which garnered their greatest support among managers at upscale stores. The differences were substantial too.

Glidden, for instance, was 11 times more potent at upscalers than conventional stores; General Electric was twice as strong; Hirsh 13 times as strong, and Olympic Paint double.

Genie, the 11th brand on the list, also was mentioned as a top brand eight times more often at upscalers.

When store managers at four leading chains were asked to name their best-selling brands, Black & Decker wound up as the unanimous No. 1 brand. It edged Stanley by whiskers at K mart, Wal-Mart and Zayre, and by roughly one third at Target. Apparently, it was the entire universe of store managers polled that perched Stanley on top overall.

(Continued on page 59)

Northeast: 20%
South: 17%
North Central: 21%
West: 14%

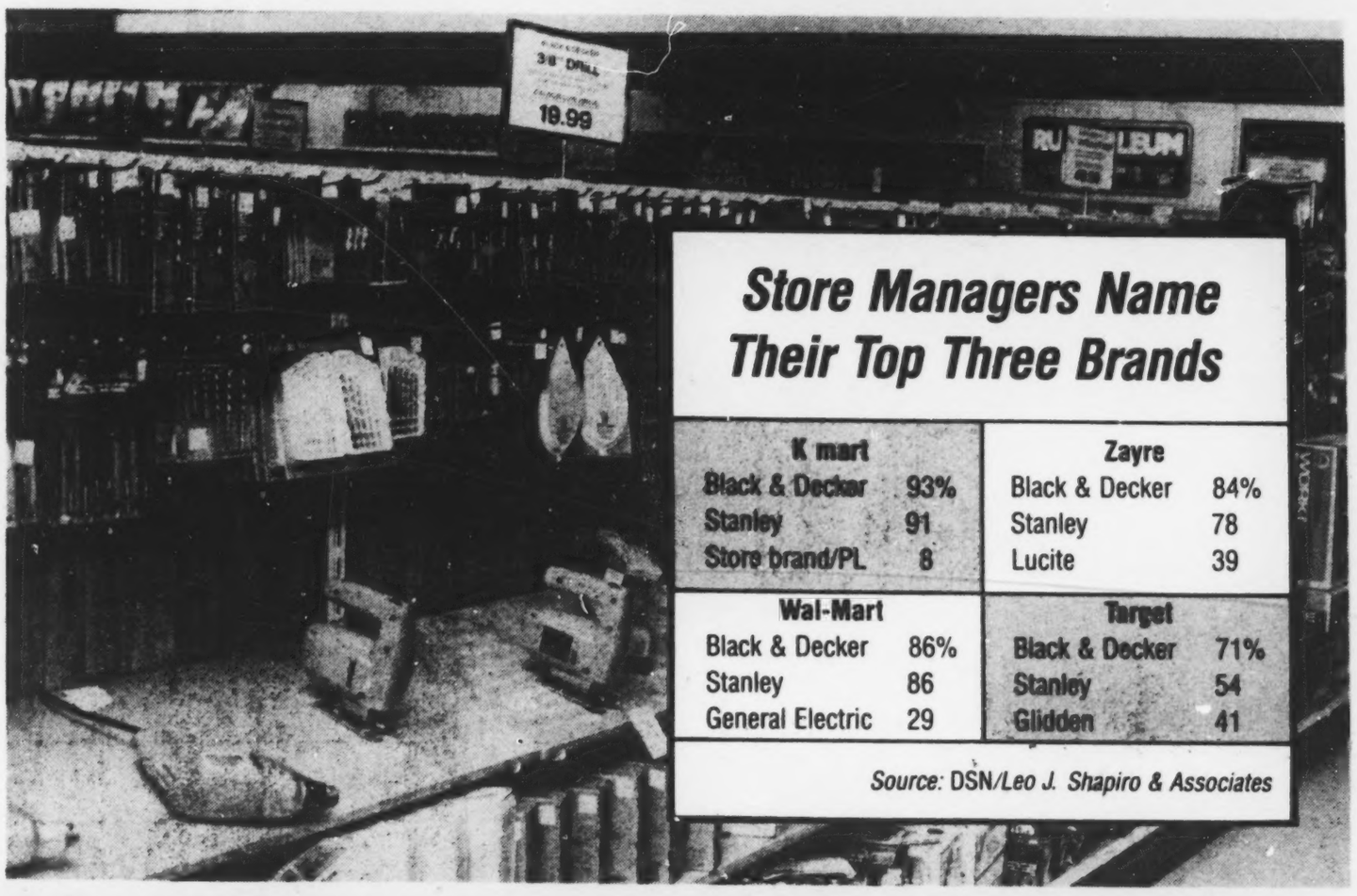
In hardware, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the North Central States—21%. *Source:* DSN/*Leo J. Shapiro & Associates*

Hardware

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
Stanley	94%	80%	75%	84%
Black & Decker	82	79	83	81
Lucite	13	16	6	1
Glidden	2	5	16	4
General Electric	2	8	8	4
Hirsh	5	4	11	3
Olympic Paint	4	11	5	2
Du Pont	15	7	1	2
Skil	—	6	5	9
Great Neck	8	6	2	3
Genie	1	5	6	3
Store brand/PL	3	2	4	7

Source: DSN/Leo J. Shapiro & Associates



Store Managers Name Their Top Three Brands

K mart		Zayre	
Black & Decker	93%	Black & Decker	84%
Stanley	91	Stanley	78
Store brand/PL	8	Lucite	39
Wal-Mart		**Target**	
Black & Decker	86%	Black & Decker	71%
Stanley	86	Stanley	54
General Electric	29	Glidden	41

Source: DSN/Leo J. Shapiro & Associates

Hardware

(Continued from page 58)

Among leading hardware brands, many received either no mentions among these four chains or else aren't sold at all of them. For instance, Stanley and Black & Decker attained strong levels of mention at K mart, Wal-Mart, Zayre and Target. But beyond these two labels not a single other brand was cited by all four.

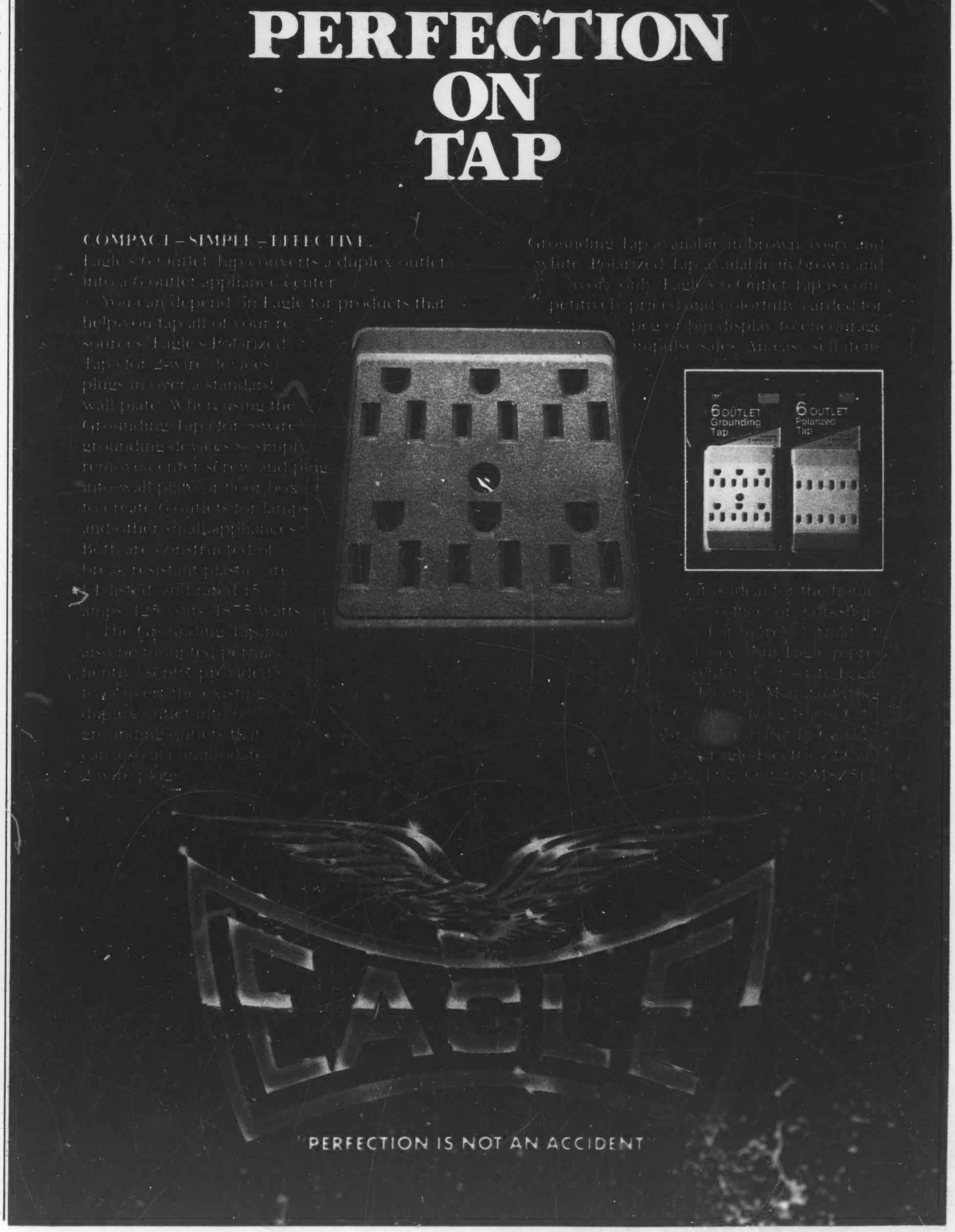
As an example, Lucite scored well at Zayre and Wal-Mart, but not at all at K mart and Target; Glidden fare best at Target, but received no mentions from managers at either Wal-Mart or Zayre . . . and so on down the list.

Among the top three sellers at each of these four chains, the third-cited brand consistently had much less support than either Stanley or Black & Decker. And, the third brand was different at each.

At Wal-Mart, General Electric snared third place with a 29% level of mentions; at Zayre, Lucite's 39 % did the trick, and at Target, Glidden scored 41%.

Notably, K mart's third best-selling hardware brand was its private label, at 8%. All in all, K mart mentions were virtually all in the pocket of Stanley and Black & Decker. But even at Zayre, where nine of the the top 12 brands received mentions in a more widespread representation, private label fared respectably. It was rated eighth, at 5%.

Notably, discounters appeared more willing to add new hardware brands in 1983 than in most other categories. A considerable 21% of store managers in the North Central region reported carrying more hardware brands this year, and an equally impressive 20% said the same in the Northeast. The falloff is only slight elsewhere in the country, with 17% of managers in the South saying their chains added to the brand assortment, and 14% in the West.



Name Brands Increase in Many Stores

Ladies' apparel and men's apparel have a lot in common, judging by the store manager survey.

For one, both their lists of top brands were overwhelmed by jeans-oriented suppliers. When a resource, other than a jeans maker, turned up as a best-seller it was a backbone resource for a basic category. In ladies' apparel, Playtex made the listing of top sources; the men's wear counterparts were Fruit of the Loom and Hanes.

And, when store managers were asked to name departments in which the number of national brands increased during the past year, women's apparel was the department mentioned most often: by 26% of all store managers; 25% of the managers at conventional chains, and by 31% of the managers at upscale chains.

Men's apparel was the runner-up in this query.

Between the number of chains honing in on versions of a brands-for-less program; the availability of branded goods from diverters last year, with and without the manufacturers' blessing; the growing list of branded suppliers looking for discounter business on a direct basis, it wasn't surprising that store managers pointed to the apparel departments as those showing the most brand name growth.

The top brand lineup in ladies' apparel—Lee, Wrangler, Calvin Klein, Levi's, Sasson, Chic and Jordache—is evidence that discounters did, in fact, get the brands on the selling floor by using a combination of the above buying approaches.

Lee and Wrangler were named as the top brands by all store managers. But, an interesting variation showed up between the conventional and the upscale chain store manager response.

Upscale chain store managers gave their heaviest number of mentions to just four brands, all jeans makers: Calvin Klein, 69%; Lee, 61%; Levi's, 58%; and Wrangler, 48%.

The picture from the conventionals was different. Here, store managers' response wasn't heavily concentrated on four brands. There was a more even spread of votes for several jeans brands. The heaviest number of mentions was for Lee with 37%.

At Wal-Mart and Zayre first and second place went to jeans suppliers, but their respective managers gave the third spot to store brand/private label merchandise.

At Wal-Mart 22% named PL merchandise, putting the store's brands just behind Lee, mentioned by 23%.

Ladies' Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Lee	41%	37%	61%
Wrangler	34	31	48
Calvin Klein	26	18	69
Levi's	22	15	58
Sasson	18	20	9
Chic	18	17	19
Jordache	16	19	2
Playtex	10	11	7
Store brand/PL	7	8	—

Source: DSN/Leo J. Shapiro & Associates

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Lee	20%	23%	47%	61%
Wrangler	25	81	15	53
Calvin Klein	28	—	4	79
Levi's	12	6	14	66
Sasson	38	—	14	6
Chic	5	—	39	18
Jordache	29	3	4	3
Playtex	2	6	10	6
Store brand/PL	7	22	20	—

Source: DSN/Leo J. Shapiro & Associates

No Top Brand Shows Real Dominance

The top brand survey for children's apparel turned up some results that distinguish this area from the other 15 categories examined.

In all other merchandise categories, the top brand, and often the second place brand, were mentioned as best sellers by anywhere from 35% all the way up to 93% of the store managers polled. In other words, there were clear leaders among the top suppliers.

Children's wear was different. Here, the top suppliers in the area are in a real horse race. None of the top brands were mentioned often enough to come up with a score that showed them as dominating the children's wear business. The leaders—Garanimals and Lee—were mentioned by 21% of the store managers.

In the category there was a tie for the top spot and another tie for fifth place. Consequently, it took naming seven brands to come up with the top five in children's apparel.

Garanimals and Lee were tied for first place. The second and third ranking brands were Wrangler and Curity, with 17% and 15%.

Store brand private label merchandise ranked high in children's wear. With 11% of the store managers naming it as a best seller, store brand merchandise took the fourth top brand spot.

The number of discount chains with a fully developed private label layette business and the price sensitivity of the entire children's wear area—leading to heavy doses of store brand, Far East imports—probably accounts for the private label strength in the category.

In fifth place there was a tie between Garan and Spencer's, each mentioned by 10% of all store managers.

Very close to these top brands were the scores for Pampers, 9%, and Levi's, 8%.

This close rating among the top brands changed only when viewed from the perspective of the upscale chains.

For instance, the upscale manager named Lee, 44%, as their top brand; just 16% of the store managers at conventional chains named Lee. Wrangler took second place, mentioned by 27%, among the upscalers; 15% of the managers of conventional chains named Wrangler.

Another difference between the conventional and upscale store manager response was the view of store brand/PL goods. Of the managers at conventional chains, 12% mentioned PL as a best seller compared to just 5% at the upscale chains.

Children's Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Garanimals	21%	22%	19%
Lee	21	16	44
Wrangler	17	15	27
Curity	15	16	15
Garan	10	9	18
Spencer's	10	11	4
Pampers	9	9	6
Levi's	8	6	17
Store brand/PL	11	12	5

Source: DSN/Leo J. Shapiro & Associates

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Garanimals	—	31%	9%	18%
Lee	—	—	4	51
Wrangler	4%	34	7	27
Curity	14	12	7	15
Garan	—	36	—	8
Spencer's	15	6	19	5
Pampers	13	9	15	8
Levi's	5	—	—	20
Store brand/PL	14	27	5	3

Source: DSN/Leo J. Shapiro & Associates

Kodak, Polaroid Are Runaway Winners

Kodak and Polaroid were runaway best sellers in discount photo departments.

Regardless of store format or area of the country, no other brands encroached upon their tandem lead at major discount chains, said store managers. Despite their frontrunning, however, Japanese brands still carry significant sales impact.

Canon, Minolta, Nikon, Fuji and Yashica have all made inroads of varying degrees, with upscale chains perceiving strong performances from several.

For instance, 73% of upscale discounters named Canon as a best seller, slightly more than double its incidence of mention at conventional stores. While Minolta received consistent levels of mention in all format stores, Nikon fared 12 times better among upscale store managers than conventional discounters.

Although Canon attained the third-highest level of store manager mentions as a top brand, Minolta's levels of mention were fairly close. These brands, along with Kodak, Polaroid and Nikon, shared the top three rankings among both key conventional and upscale chains.

Coincidentally, more than 75% of store managers polled who mentioned the top two photo brands most frequently also predicted overall store sales gains of more than 10% for 1983. In addition, these managers also reported an increase in the number of national brands carried in the photo department this year. However, just one third of the chains predicting a 10%-plus rate of growth this year cited the next two brands, Canon and Minolta, as best sellers. As for Nikon, Fuji, Yashica and Olympus, they received best seller mentions from just 9% of managers predicting that sales growth rate for their stores.

Brand performance also varied among the top chains.

Target managers were considerably less keen on Kodak and Polaroid than were managers at K mart, Wal-Mart and Zayre. How-

(Continued on page 66)

South: 4%	
North Central: 5%	
West: 5%	

In photo, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the West and North Central States—5%. *Source:* DSN/*Leo J. Shapiro & Associates*

Photo

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Kodak	93%	97%	74%
Polaroid	75	77	62
Canon	40	33	73
Minolta	27	27	27
Nikon	12	4	50
Fuji	9	9	4
Yashica	8	9	4
Store brand/PL	1	1	2

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Kodak	97%	97%	96%	71%
Polaroid	76	83	93	56
Canon	50	61	9	71
Minolta	47	61	—	18
Nikon	5	—	—	59
Fuji	—	28	—	—
Yashica	16	9	—	5
Store brand/PL	1	—	4	3

Source: DSN/*Leo J. Shapiro & Associates*

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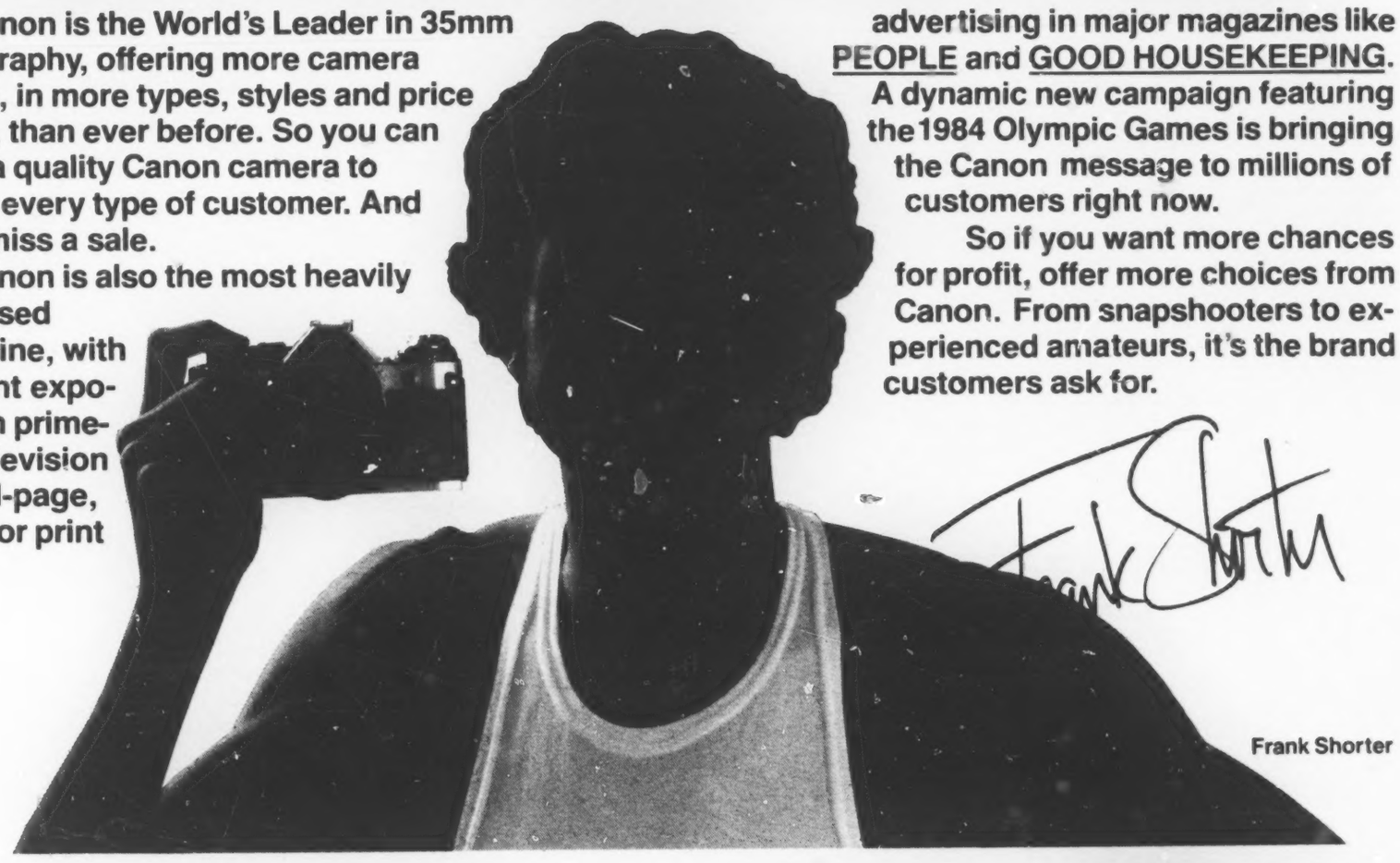

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Canon Sure Shot cameras provide total automation for perfect pictures any time, any

Canon New Sure Shot

place. The New Sure Shot loads itself, and features auto winding, rewinding, auto exposure control, automatic focus and built-in flash. The Super Sure Shot has all these features plus a fast, f1.9 Canon lens.

Canon Snappy 20

Canon Snappy 50

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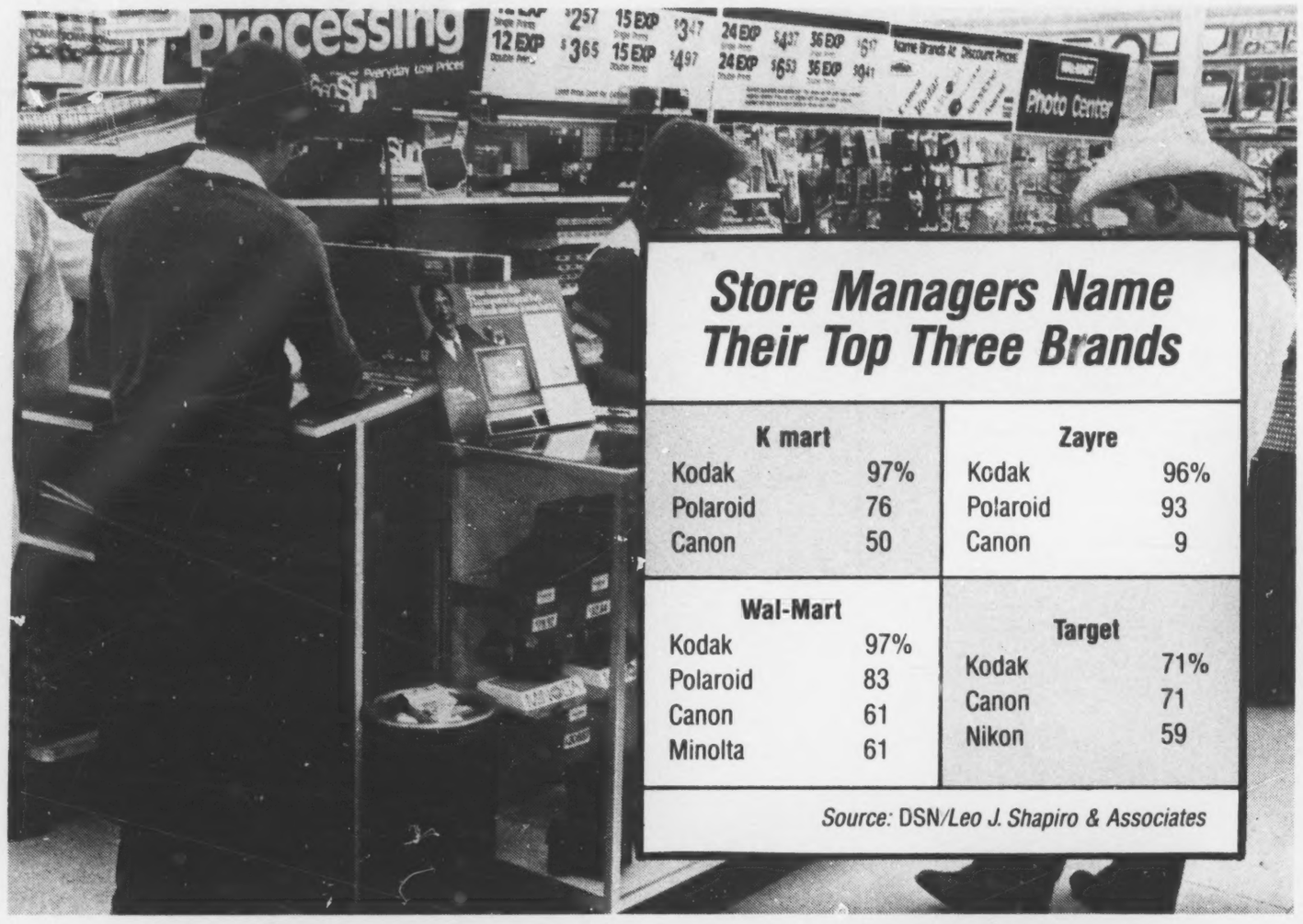
Photo

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
Kodak	97%	93%	93%	91%
Polaroid	76	82	74	66
Canon	30	38	41	50
Minolta	18	24	22	47
Nikon	4	9	19	12
Fuji	5	8	13	5
Yashica	8	5	13	4
Olympus	7	6	8	4
Store brand/PL	1	1	1	—

Source: DSN/*Leo J. Shapiro & Associates*



Store Managers Name Their Top Three Brands

K mart		Zayre	
Kodak	97%	Kodak	96%
Polaroid	76	Polaroid	93
Canon	50	Canon	9
Wal-Mart		**Target**	
Kodak	97%	Kodak	71%
Polaroid	83	Canon	71
Canon	61	Nikon	59
Minolta	61		

Source: DSN/*Leo J. Shapiro & Associates*

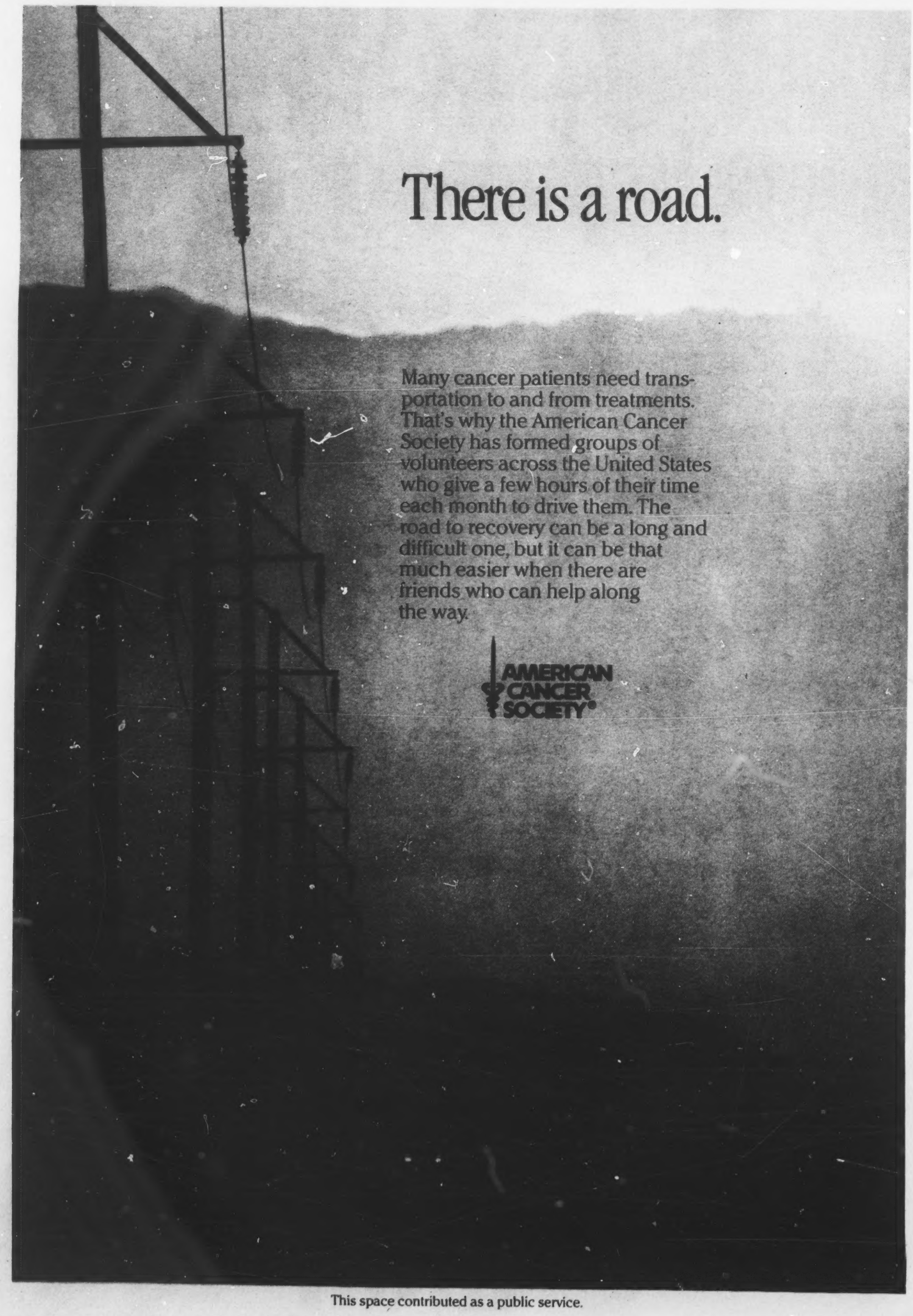

There is a road.
Many cancer patients need transportation to and from treatments. That's why the American Cancer Society has formed groups of volunteers across the United States who give a few hours of their time each month to drive them. The road to recovery can be a long and difficult one, but it can be that much easier when there are friends who can help along the way.
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Photo

(Continued from page 65)

ever, Zayre's managers believed their photo sales to be largely concentrated in those two brands.

Minolta found its highest levels of mention at K mart and Wal-Mart, but got less levels of recognition elsewhere. Canon and Nikon got their strongest notices at Target, and Fuji at Wal-Mart.

For now, store brands and private labels are making little impact in the photo department, but PL film and film processing programs are being developed at many chains.

Notably, discount chains in most parts of the country are not shuttering their doors to the entry of new brands. Store managers in the North Central, West and South regions reported carrying more national brands this year than last, although Northeastern store managers reported no expansion in brand variety.

Adding It Up

Regional perceptions tend to parallel the national patterns, with the heaviest concentration among the top four sellers—Kodak, Polaroid, Canon and Minolta. For the most part, store managers say these brands dominate discount chain photo sales coast to coast. The exceptions are Canon, whose strength surged in the West, and Minolta, which did the same out West but got weaker grades in the Northeast.

For the most part, North Central store managers named more photo brands as best sellers than their counterparts elsewhere in the country. Conversely, managers in the West named significantly fewer photo brands as best sellers.

According to the managers polled, Canon and Minolta are the strongest performing Japanese brands.

Atari Solidly Wins the No. 1 Spot

Consumer Electronics

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Atari	73%	75%	67%
Texas Instruments	40	42	29
Panasonic	36	30	66
Commodore	34	34	36
General Electric	28	27	28
Coleco	21	20	28
Soundesign	18	19	13
Intellivision	18	18	18
Emerson	15	14	18
Sanyo	10	7	24
RCA	10	12	—
Sharp	10	9	11

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Atari	70%	69%	87%	64%
Texas Instruments	63	52	40	28
Panasonic	23	83	11	76
Commodore	69	—	35	39
General Electric	30	49	2	26
Coleco	3	3	44	21
Soundesign	12	17	31	13
Intellivision	25	—	15	16
Emerson	1	32	47	13
Sanyo	2	9	4	29
RCA	17	25	—	—
Sharp	23	3	—	11

Source: DSN/*Leo J. Shapiro & Associates*

The diverse assortment of products represented on the consumer electronics top-brand list underscores the department's broad-based appeal.

Atari, mentioned by 73% of all store managers polled and solidly in CE's top spot, led four other computer, software and video game brands: Texas Instruments, Commodore, Coleco and Mattel Intellivision. TI was named the top brand by 40% of the store managers; Commodore, 34%; Coleco, 21%, and Intellivision 18%.

However, makers of radios, televisions, tape recorders and video cassette recorders also scored high.

Panasonic, for example, was named by 36% of store managers, ranking as the third-leading brand overall.

General Electric, fifth overall, scored closest to Panasonic with its multiple product segments named 28% of the time. Soundesign, at 18% and seventh overall, slightly edged Emerson's 15%. Sanyo, RCA and Sharp followed at 10%; all scored better than 13 other brands mentioned in the CE survey.

Significantly, the top five brands represented a vast array of product segments.

Although managers at conventional and upscale chains agreed on Atari as their respective top brand, they differed somewhat on mentions of the nine next most important brands. For instance, TI fared considerably better among conventional chains than at upscale discounters, as did Soundesign further down the list.

For several others, however, upscalers were the kindest. Panasonic was named twice as often, Coleco nearly one-and-a-half times as much and Sanyo more than triple the number of times at upscale chains, when compared with levels to mention at conventional counterparts.

TI and Panasonic are strong in different-format discount chains. Although TI edged Panasonic for the No. 2 spot overall, the latter brand was mentioned by upscale store managers more

(Continued on page 71)

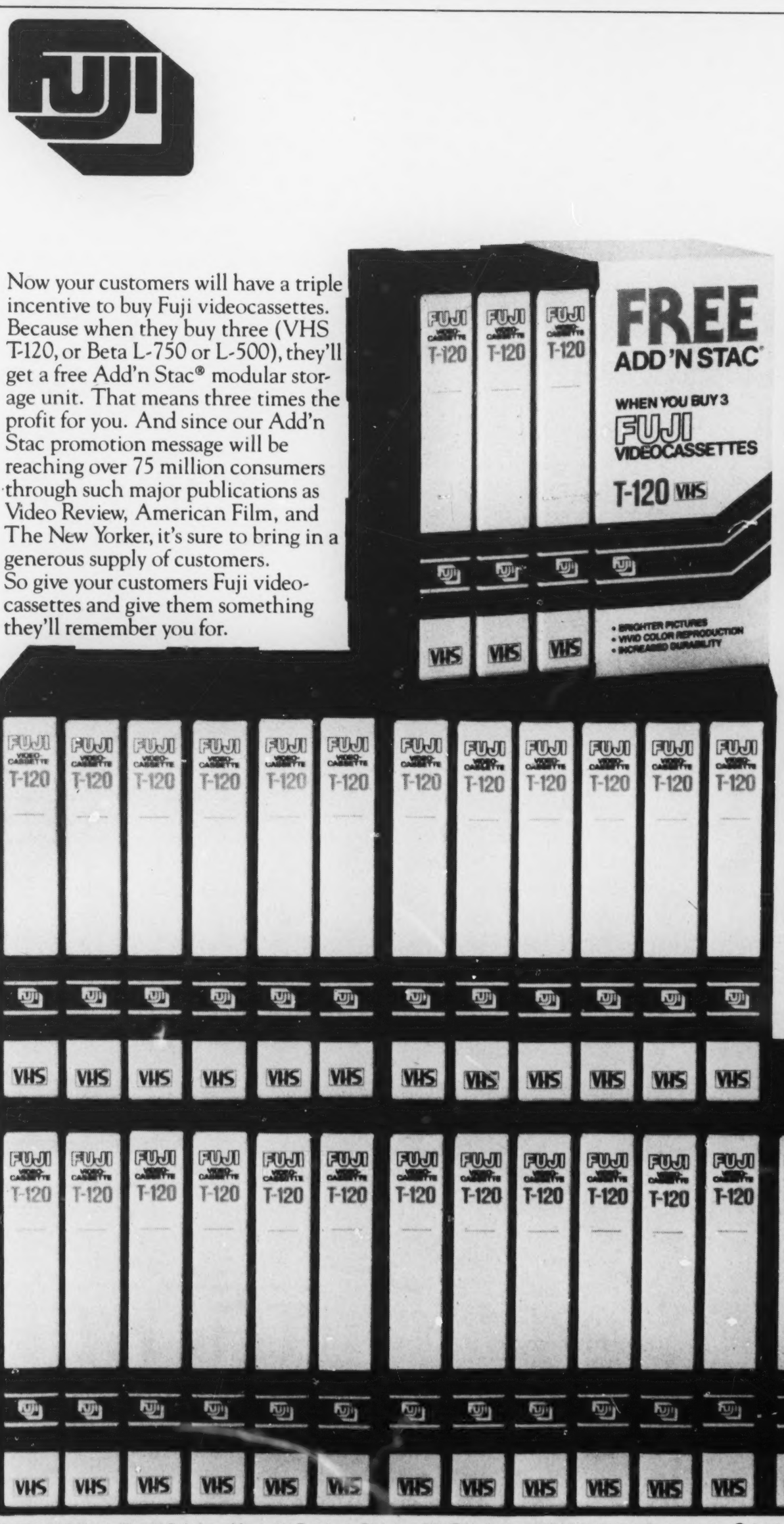
Northeast: 8%

South: 12%

North Central: 6%

West: 4%

In consumer electronics, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the South—12%. *Source:* DSN/*Leo J. Shapiro & Associates*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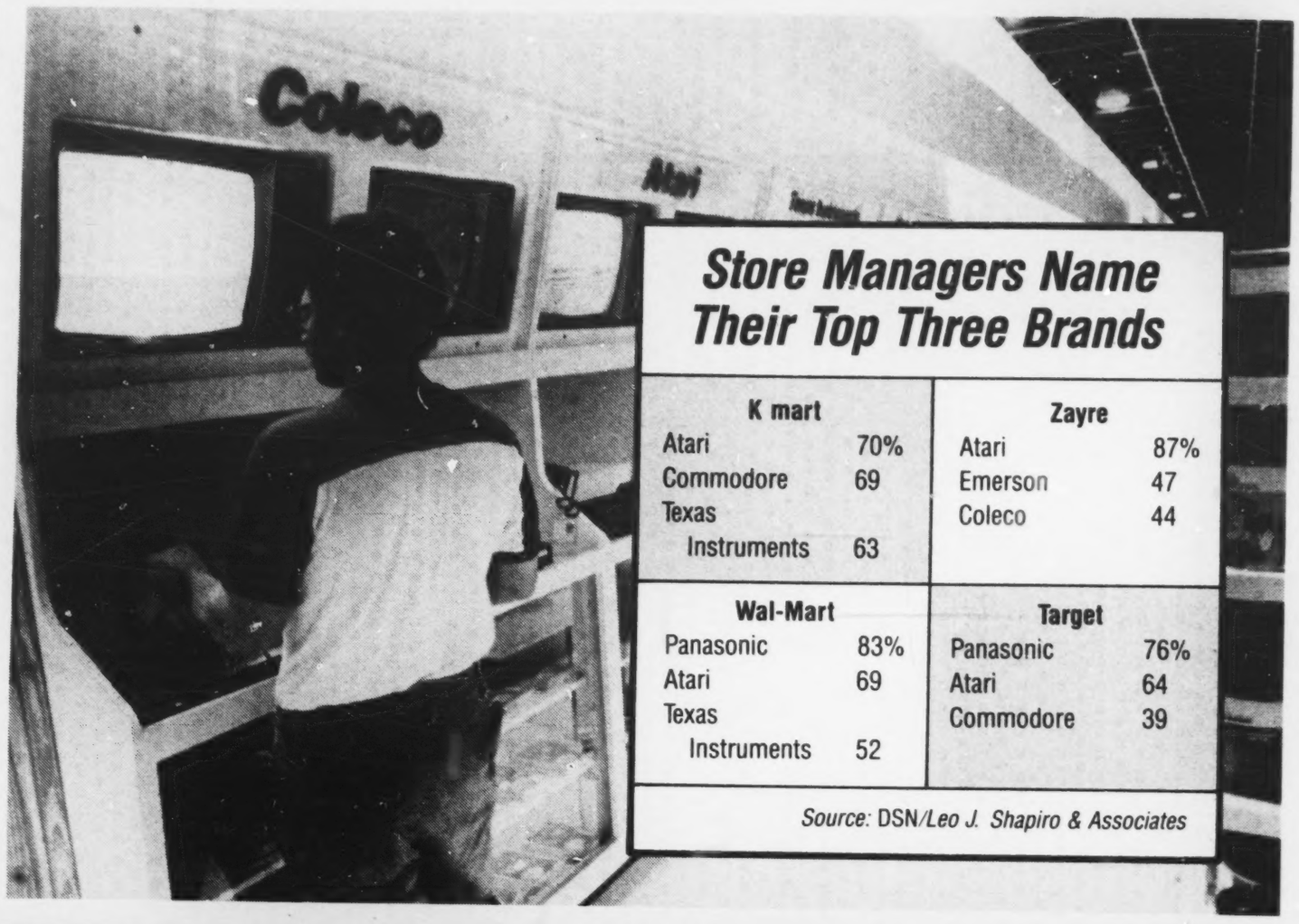
Consumer Electronics

Top Brands Differ by Region

Brands	Northeast	South	North Central	West
Atari	79%	75%	62%	83%
Texas Instruments	45	39	42	36
Panasonic	15	42	48	29
Commodore	34	27	34	45
General Electric	20	24	36	27
Coleco	42	14	13	27
Soundesign	14	30	14	9
Intellivision	19	17	13	24
Emerson	27	20	10	4
Sanyo	8	6	15	10
RCA	4	8	11	16
Sharp	6	4	11	18

Source: DSN/Leo J. Shapiro & Associates



Store Managers Name Their Top Three Brands

K mart		Zayre	
Atari	70%	Atari	87%
Commodore	69	Emerson	47
Texas Instruments	63	Coleco	44

Wal-Mart		Target	
Panasonic	83%	Panasonic	76%
Atari	69	Atari	64
Texas Instruments	52	Commodore	39

Source: DSN/Leo J. Shapiro & Associates

CE

(Continued from page 68)

than twice as often as TI. TI, however, topped Panasonic's levels of mentions in the broader base of conventional stores.

When store managers at four leading chains were asked to name their top three selling brands, only two, K mart and Zayre, placed Atari at the head of the list, albeit with considerable support—respective 70% and 87% incidences of mention.

On the other hand, Wal-Mart and Target managers put Panasonic in first place. Impressively, managers named it often—83% and 76% of the time.

Another Winner

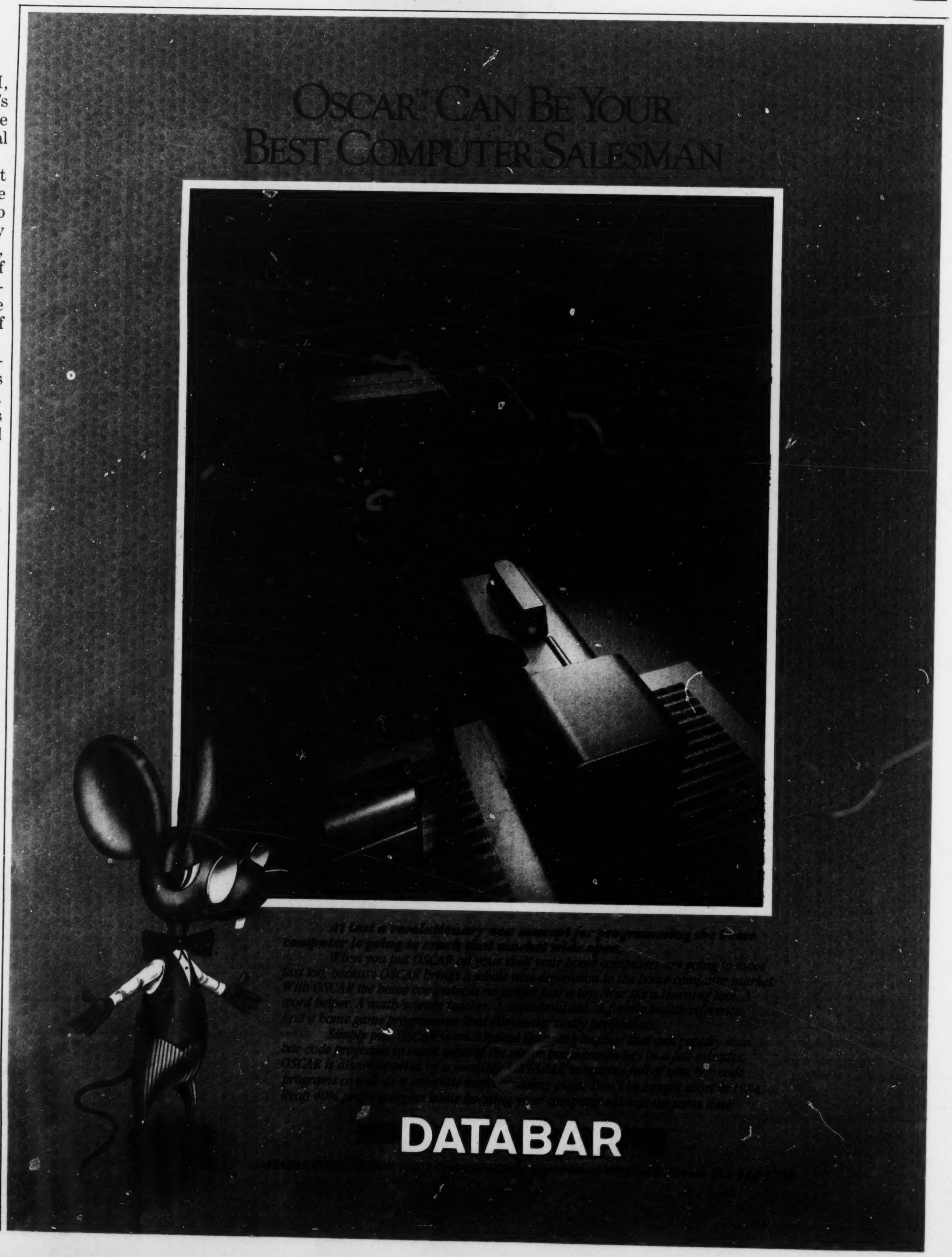
Commodore was among the top three brands at K mart and Target, and made a respectable 34% showing at Zayre too.

Although TI was considered a top-three brand at K mart and Wal-Mart, its levels of mention at Target and Zayre were considerably lower.

Similarly, Emerson and Coleco fared strongest at Zayre, but were mentioned as best sellers far fewer times at the other leading chains.

Perceptions of other top brands also differed by chain. For instance, General Electric and RCA received their highest levels of mention at Wal-Mart, Soundesign got its at Zayre, Intellivision and Sharp at K mart and Sanyo at Target.

Notably, discount chain store managers nationwide reported an increase in the number of CE brands carried this year. Southern retailers were apparently the most liberal, with a reported 12% adding brands. Keeping somewhat tighter reins on their assortments were Northeastern chains, at 8%, North Central at 6% and the West 4%.



Brand-Name Growth Widely Reflected

Store managers' responses for the housewares department reflected two concurrent trends in that area.

For one, they named traditional backbone suppliers—like Corning, Rubbermaid, Libbey and others—as the top brands in the department.

On the other hand, store managers also gave a very high score to the housewares department when asked: In which departments has the number of national name brands increased over the past year?

The housewares department was mentioned by 20% of all the managers polled. To put that number in perspective, housewares ranked third on the list of departments showing a growing list of brand names.

Only two departments, ladies' apparel, with mentions from 26%, and men's apparel, with 23%, came in ahead of housewares.

This addition of more name brands in housewares hasn't pushed the traditional leaders off of their perches. Nevertheless, several chains are looking to new sources to boost housewares margins, add more fashion-oriented merchandise and differentiate their assortments from those of the competition.

With those goals, it was predictable that managers of the upscale chains reported more of an increase in housewares brands than did managers of the conventional chains. Of the upscalers, 28% mentioned housewares, compared to 18% of the managers at conventional chains.

On the top brands listing itself, Corning came out in the leading spot among "all" discounters; two of this firm's lines—Pyrex and Corelle—tied for fourth position.

In the second spot was Rubbermaid. Two glassware suppliers rounded out the top five list: Libbey ranked in third place; Anchor Hocking was No. 5.

Close behind Anchor Hocking, mentioned as a best seller by 20% of the store managers, was Ekco, mentioned by 19%.

(Continued on page 73)

Housewares

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Corning	35%	38%	23%
Rubbermaid	32	32	32
Libbey	24	26	16
Pyrex	21	23	11
Corelle	21	21	18
Anchor Hocking	20	23	6
Ekco	19	19	21
Mirro	14	15	6
General Electric	13	10	27
Store brand/PL	1	1	—

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Corning	26%	66%	38%	22%
Rubbermaid	19	54	15	26
Libbey	21	34	35	16
Pyrex	12	25	27	8
Corelle	15	25	26	19
Anchor Hocking	17	32	39	5
Ekco	22	11	19	23
Mirro	7	32	5	5
General Electric	1	9	—	33
Store brand/PL	1	—	4	—

Source: DSN/*Leo J. Shapiro & Associates*

Northeast: 26%

South: 18%

North Central: 18%

West: 20%

In housewares, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the Northeast—26%. *Source:* DSN/*Leo J. Shapiro & Associates*

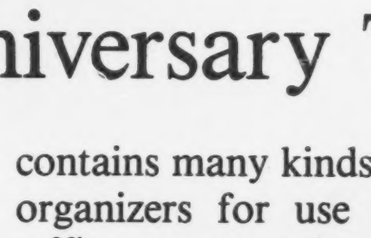
A Golden Anniversary Tale

ONCE upon a time there was a small corner gift shop in New Philadelphia, Ohio. One day the owners, Mr. and Mrs. Harry Miller, had the idea there might be a market in their shop for inexpensive, hand painted wall plaques. So Mrs. Miller, known to all her friends as Clela, gathered together some plaster, paints and lacquers, some flexible molding material and a few brushes and soon set to work producing her first small batch of wall plaques. When she had finished her plaques she placed them on conspicuous shelves in the little shop and waited anxiously for her customer's reactions.

Clela hadn't long to wait because her meticulously hand painted plaques all sold very quickly. Delighted with the results, she hurried back to her little worktable to make some more. As time passed the shop continued to prosper and soon the entire Miller family was involved in the design and manufacture of Miller Wall Plaques.

Today, 50 years later, Miller Studio celebrates its Golden Anniversary as a leading manufacturer of decorative housewares with world-wide distribution. In addition to designing and manufacturing original wall decor Miller Studio also produces an extensive line of household hangers, hooks and caddies. Known as MAGIC-MOUNTS®, this line was introduced in 1965 and consisted entirely of one item. Now the MAGIC-MOUNTS® line contains many kinds of helpful hangers and organizers for use throughout the home, office, garage and workshop.

Decorative, three-dimensional wall clocks were introduced in 1977 and currently available to the housewares trade is a wide selection of framed wall clocks in a variety of styles and designs. The latest development from Miller Studio is an exciting line of distinctive wall accents called FASHION-CRAFT™. Three dimensional designs are assembled in various combinations with grasscloth, burlap, cork, wicker, silk flowers and a variety of sturdy woodtone frames to create a collection of wall decor for today's design-conscious homemakers.



Over the years Miller Studio has initiated major expansion programs to meet the demands of an ever-growing market. Today the company has almost three acres of production and warehouse space under one roof, an investment that represents the company's eagerness to provide continuing service to all its customers.

MILLER STUDIO DIVISION

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New Philadelphia, Ohio 44663
(216) 339-1100

WEST COAST DIST. CENTER
Miller Studio, P.O. Box 724
Santa Maria, California 93456
(805) 925-8118

MILLER PRODUCTS, INC.

CANADIAN DISTRIBUTOR
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Windsor, Ontario N8X 3J3
(519) 966-0872

OVERSEAS SALES OFFICE
Harry Hyman & Son, Inc., 254 W. 54th St.
New York, New York 10019 • (212) 247-1726
RCA Telex: 237926 ITT Telex: 424191

Housewares

Top Brands Differ by Region

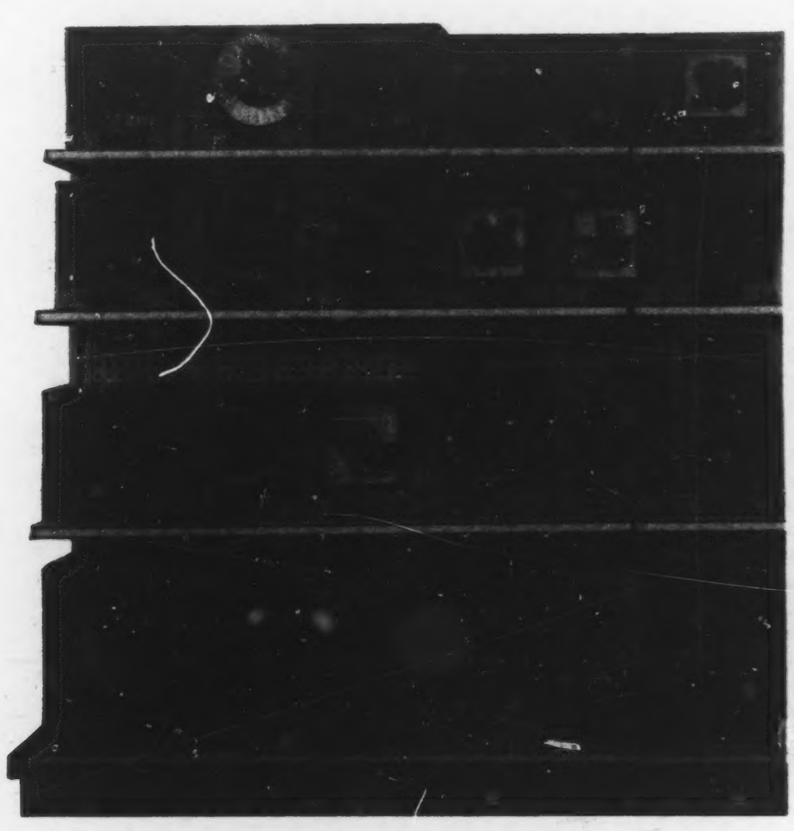
Brands	Northeast	South	North Central	West
Corning	32%	37%	27%	49%
Rubbermaid	29	31	28	40
Libbey	25	22	18	36
Pyrex	26	20	13	30
Corelle	32	15	24	14
Anchor Hocking	28	20	13	25
Ekco	20	22	19	14
Mirro	24	15	10	8
General Electric	12	14	15	10
Store brand/PL	1	1	—	—

Source: DSN/*Leo J. Shapiro & Associates*

Store Managers Name Their Top Three Brands

K mart		Zayre	
Corning	26%	Anchor Hocking	39%
Ekco	22	Corning	38
Libbey	21	Libbey	35
Wal-Mart		**Target**	
Corning	66%	General Electric	33%
Rubbermaid	54	Rubbermaid	26
Libbey	34	Ekco	23

Source: DSN/*Leo J.Shapiro & Associates*



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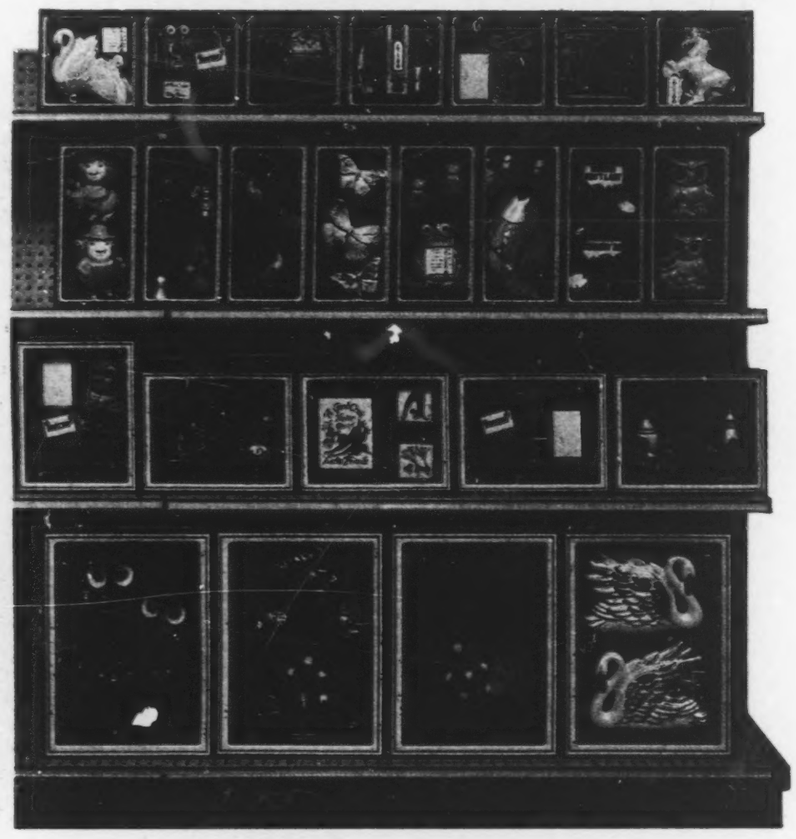

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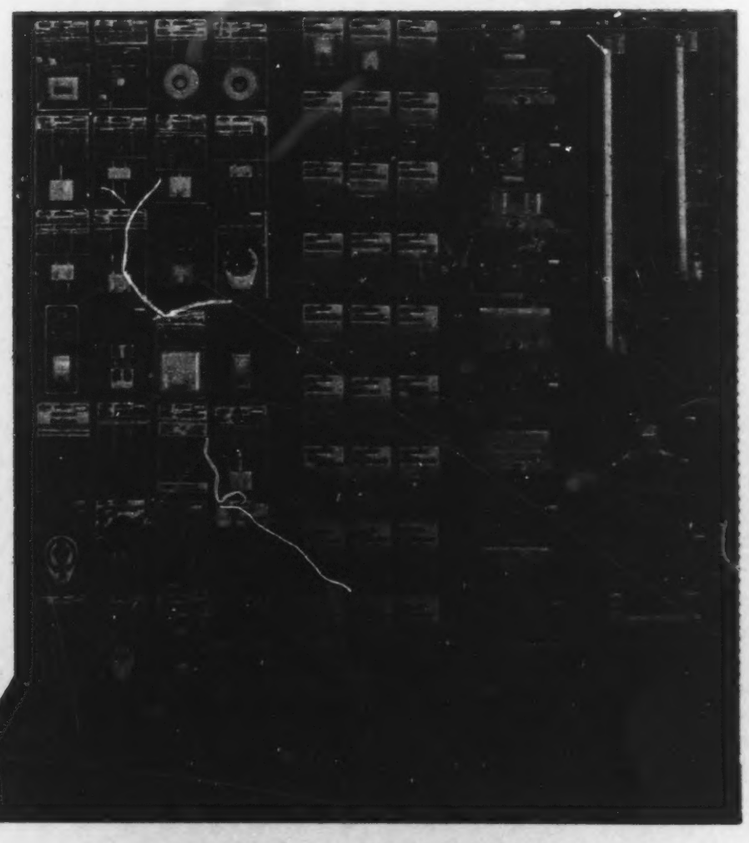

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Housewares

(Continued from page 72)

Responses from managers at the conventional chains left the two top brands intact—Corning in first place, Rubbermaid, second.

But, managers at the upscale chains turned in a different scenario. Their leading brand was Rubbermaid. In second place was General Electric. Corning, the leader among all discounters and the conventionals, ranked third.

Ekco, which ranked sixth among "all" discounters and fifth among conventional chains, moved up a notch with the upscale store managers, placing fourth on their best seller list.

A few other notable differences in brand ranking turned up in the conventional vs. upscale tally. For example, Anchor Hocking ranked much higher with the conventional chains.

Similarly, Mirro was a high scorer with the conventionals, mentioned as a best seller by 15% of their managers. In contrast, just 6% of the upscale chain managers named this supplier.

Libbey, the third-ranking brand in the "all" discounter list, also fared better with the conventional store managers. Of them, 26% named Libbey as a best seller, compared to 16% of the upscalers.

Store brand/private label had very few mentions as a best seller in housewares, understandable since the survey queried managers on performance in the past year. The low 1% mentioning the store brand as a best seller might turn up higher in subsequent surveys with more chains now beefing up giftware selections with store-brand items from the Orient.

Regional Growth Patterns Vary Markedly

Sporting Goods

Top Brands Vary by Type of Outlet

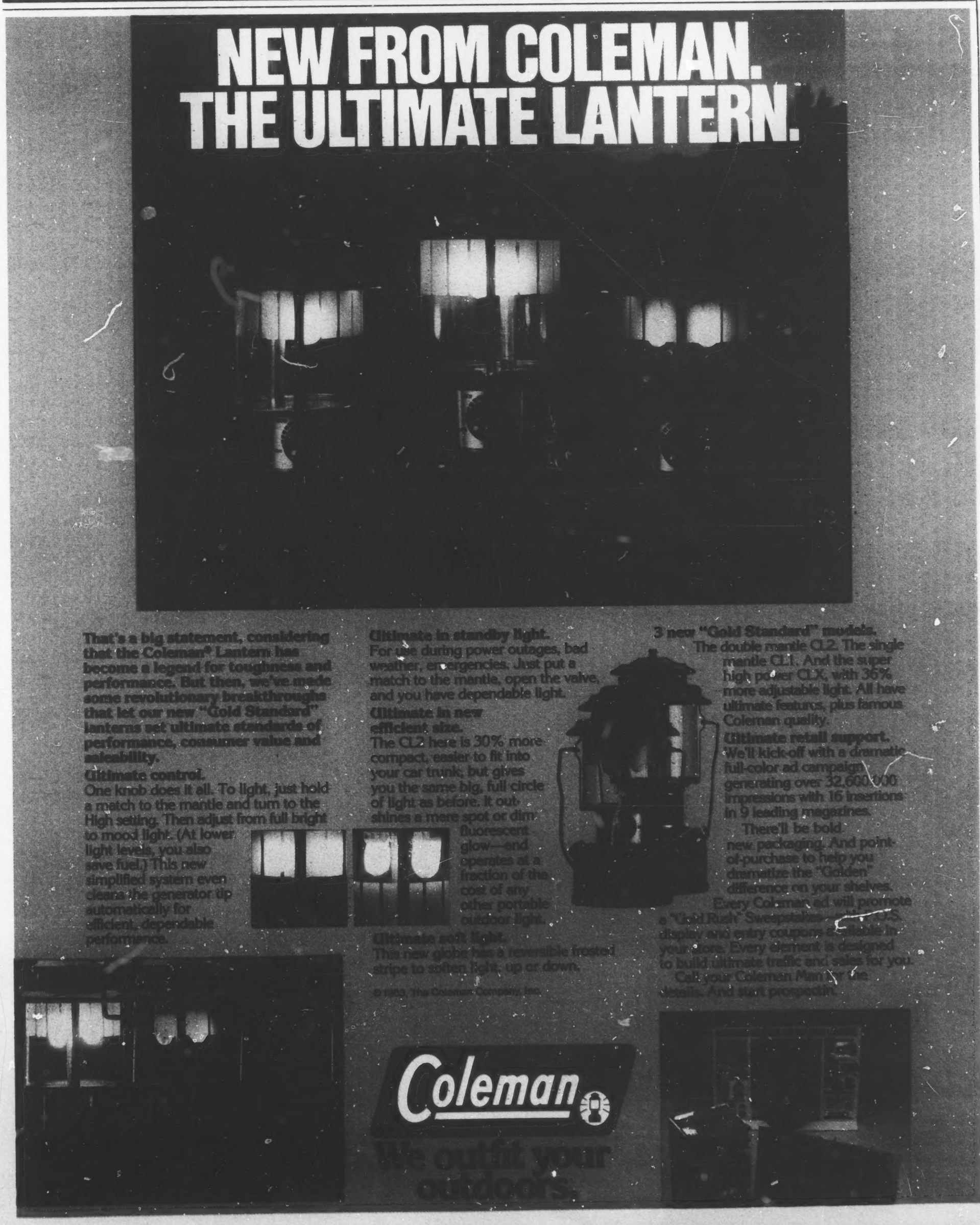
Brands	All Discounters	Conventional Discounters	Upscale Discounters
Wilson	60%	57%	73%
Coleman	58	58	58
Spalding	36	33	53
Igloo	22	24	9
Zebco	18	19	15
MacGregor	16	18	6
Remington	14	15	7
Shakespeare	11	9	26
Store brand/PL	1	1	—

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Wilson	37%	46%	60%	74%
Coleman	48	66	70	51
Spalding	15	28	38	57
Igloo	24	31	26	11
Zebco	11	41	17	18
MacGregor	50	3	2	1
Remington	10	31	—	9
Shakespeare	7	18	11	24
Store brand/PL	1	—	4	—

Source: DSN/*Leo J. Shapiro & Associates*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Varied regional growth patterns characterized the survey of top sporting goods brands.

Store managers in the South and West outdistanced their cold-weather-state siblings in reporting that sporting goods brand assortments had increased in the last year in their stores.

Seventeen per cent of the store managers polled in the South and 11% of those in the West reported brands were on the rise in their stores, compared to 1% of the managers surveyed in the Northeast and North Central states.

Apparently, outdoor equipment for fishing, hunting, boating and camping were an essential part of this growth. Fully, seven of the 11 top-selling brands mentioned most often by retailers nationwide are in the outdoor segment.

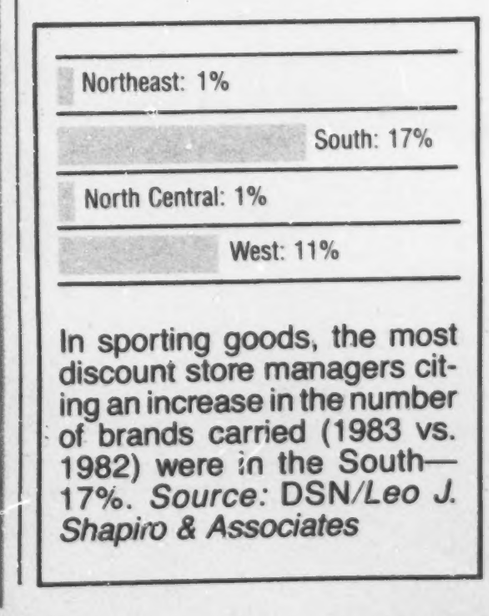
Coleman was named 58% of the time as a top brand, leading the outdoor segment in recognition. However, Igloo's 22% headed a bunched pack of Zebco, Remington, Shakespeare, Daiwa and Garcia brands.

Equipment brands used in competitive sports completed the top tier of best sellers. Among them, Wilson's 60% share of mentions was the highest attained by any brand.

Managers at upscale chains cited Wilson considerably more often than their conventional counterparts; they named Spalding and Shakespeare as top brands more often, too.

When store managers at four leading chains were asked to name their three best-selling brands, Wilson and Coleman were cited consistently by all, while Spalding, Zebco and MacGregor were named less often.

Notably, Wilson's high top brand rating emanated largely from frequent mentions by Target and other upscale unit managers. At K mart, Wal-Mart and Zayre, the other leading chains which dominated the survey, Coleman was mentioned considerably more often than Wilson.



In sporting goods, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the South—17%. *Source:* DSN/*Leo J. Shapiro & Associates*

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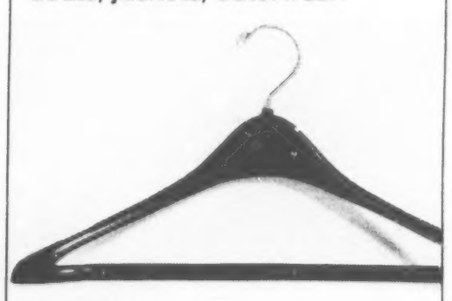

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MEN'S APPAREL/TOP BRANDS

Jeans-Oriented Producers Score

Men's Apparel

Top Brands Vary by Type of Outlet

Brands	All Discounters	Conventional Discounters	Upscale Discounters
Wrangler	57%	54%	69%
Lee	48	44	67
Fruit of the Loom	42	42	43
Levi's	31	25	65
Hanes	19	18	25
McGregor	12	13	6
Dickies	11	13	—
Jordache	9	10	—
Store brand/PL	4	4	—

Source: DSN/*Leo J. Shapiro & Associates*

Store Mgrs. Name Their Top Brands

Brands	K mart	Wal-Mart	Zayre	Target
Wrangler	44%	91%	39%	63%
Lee	24	14	45	66
Fruit of the Loom	46	60	49	39
Levi's	32	17	7	74
Hanes	9	43	5	22
McGregor	—	3	47	5
Dickies	2	38	22	—
Jordache	16	—	4	—
Store brand/PL	5	3	7	—

Source: DSN/*Leo J. Shapiro & Associates*

A perusal of the top brand list in men's apparel conjures up visions of a department awash in blue denim.

Five of the top eight brands are jeans-oriented suppliers; two are in the staple underwear/hosiery category. McGregor is the only top brand named which is represented in a typical men's department in a variety of sportswear classifications.

The jeans makers were clearly at the head of the pack with all store managers naming Wrangler and Lee as the top two brands.

Managers at the upscale chains suggested a closer race between three jeans makers. Among the upscalers, 69% mentioned Wrangler; 67% named Lee, and 65% named Levi's.

Levi's didn't fare as well in the responses from conventional chain store managers; 25% of them named this supplier as a best seller.

Jordache and Dickies were named as best sellers by managers at conventional discount chains.

Another Consideration

Another discrepancy between the conventionals and upscalers was in the underwear/hosiery supplier rankings. Fruit of the Loom fared well in upscale and conventional chain responses.

But, Hanes was mentioned as a best serller by 25% of the upscalers compared to 18% of the managers at conventional outlets.

Looking at the top brands from an individual chain vantage shuffles the list considerably.

The nod from K mart and Zayre managers went to Fruit of the Loom as the top-selling brand. Wrangler, mentioned by a whopping 81%, was named the top seller at Wal-Mart. Target's managers, 74% of them, said Levi's was at the head of the list.

The store brand/PL line didn't come up as strong in men's apparel as it did in ladies' apparel. Just 4% of all store managers and 4% of the conventional store managers named PL merchandise as a best seller. PL goods weren't mentioned as an important brand name factor by any of the managers at upscale chains.

Store managers from all regions named men's apparel as one of the departments in which the number of brands carried has increased during the past year. The branded lineup evidently grew more significantly in the Northeast and the South where 29% of the managers sited an increase in brands, compared to 20% in the West and 15% in the South.

Northeast: 29%
South: 29%
North Central: 15%
West: 20%

In men's apparel, the most discount store managers citing an increase in the number of brands carried (1983 vs. 1982) were in the Northeast and South—each with 29%. *Source:* DSN/*Leo J. Shapiro & Associates*

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SPECIAL REPORT: BEST

Conglomerate in the Making: Pp. 11-77

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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DECEMBER 12, 1983

Gift and fine tableware displays are highlighted with bold lighting and plush layout at Accents, K mart's new specialty venture in Birmingham, Mich. List prices are cut by up to 50%. *(DSN photo)*

K mart Tries Out Accents, Off-price Housewares Unit

BIRMINGHAM, Mich.—K mart is testing its hand in the off-price housewares business with Accents, its new 8,500-sq.-ft. discount specialty store which merchandises fine tableware and gifts to the hilt.

Accents is like two stores under one roof: The front half is sleek, gifty, high-service and heavily off-price; the rear spells basic discount self-service with its stackout displays of many housewares categories.

The up-front presentation, designed internally after three months of study, mimics the best of department stores and specialty shops with stark black walkways and ceiling and track lights played against multi-

(Continued on page 88)

Conservative Sales Boosts Seen For 1st Half by Chain Executives

Nationwide DSN Report

On the heels of the strong sales comeback posted by most chains this year, discounters were making solid—but conservative—projections for 1984.

Even figuring in the economic burst which often comes with a presidential election year, discounters were keeping their same-store sales projections in the 6% to 10% range, and their inventory in line with last year.

"We're optimistic about 1984," reported David Glass, vice chairman, finance, Wal-Mart Stores. "We expect the strong fourth quarter of this year to carry forward into 1984."

Wal-Mart is looking for same-store gains of about 10% through the first half of next year, Glass said, with the chain looking to hit $5.8 billion next fiscal year.

"We see more discretionary dollars being spent," Glass noted. "People aren't so worried about losing their jobs the way they were earlier this year. We don't see any real problem. We expect inflation to hold to acceptable rates and we think interest levels won't be a deterrent to consumer spending."

Glass didn't see any one product category taking off. Rather, "the whole [growth] process is very broad based."

"The President is going to do what he can to make things rosy, but we've also got to look out for 1985."—Frank Brenton, president, Marshalls

"We don't foresee any major changes in our current program, although . . . we're continuing to watch the home computer area closely."—Peter Hayes, vp, Hills

"The President is going to do what he can to make things rosy, but we've also got to look out for 1985," said Frank Brenton, president of Marshalls. "We could have a worse recession during Reagan's second term."

The specialty apparel discounter is planning to increase its inventory levels slightly, although falling prices—most notably in designer jeans—are expected to hold its inventory investment at a stable rate, he said.

Brenton indicated that the chain's price points overall would rise, with changing merchandise that would bring in a number of upgraded categories.

Sales increases for the first quarter at Hills were pegged at

(Continued on page 4)

BEST

Unconventional Lewis Steers $2B Best's Diversification

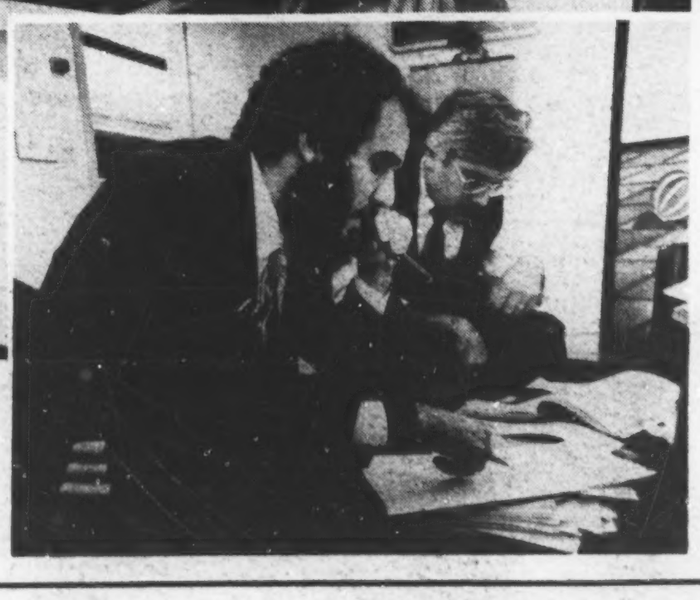
RICHMOND—Best Products is a retail conglomerate in the making.

On the corporate level, Best is diversifying, moving into specialty store retailing with a computer store operation, The Data Base, and a recently acquired ladies' specialty store chain, Ashby's. Further retailing thrusts are to be expected.

It is also diversifying within its catalog showroom operation. Still the company's heart and soul, Best has recast its basic showroom into many forms, developing a variety of formats to fit different market needs. These range from the 100,000-sq.-ft. MegaShowroom where some categories have been exploded into the equivalent of small specialty stores, to prototype 50,000-sq.-ft. to 65,000-sq.-ft. units, down to 12,000-sq.-ft. to 20,000-sq.-ft. mini-showrooms that warehouse the catalog mix but have sharply limited displays.

Andrew Lewis, Best Products' president, emphasized the revamping is still unfolding, and the full impact of all the

(Continued on page 12)



Best Products president Andrew Lewis (inset) is looking for a top executive for the company's $2 billion catalog showroom arm, so he can devote his time to directing the parent firm's long-range diversification and growth. *(DSN photos)*

By AL HELLER

RICHMOND—Seemingly unaffected by affluence and power, Andy Lewis remains a curious mixture.

For one, the 37-year-old president of $2 billion Best Products Co. jogs six miles at sunrise each day, yet smokes a handful of Jamaican Macanudo cigars at the office. And, despite growing up privileged and still prizing friendships with Andy Warhol and other artists, he says he prefers a middle-class life in Richmond, where his children attended public school when they were younger. Moreover, he and the Lewis family remain generous to outside charities.

Being colorful and practical, Lewis swings through Best showrooms several days each month to talk with employees at all levels. "Every president has a million people telling him how good things are," he said in an interview with *DSN*. "I'm interested in drawing out problems and assessing differences in how the company looks to us [at headquarters] and them [in the field]. Lots of changes we've

(Continued on page 87)

Modified Anticounterfeiting Bill Limits Mfrs.' Ability to Obtain Seizure Order

WASHINGTON—Final trademark anticounterfeiting legislation—peppered with new retailer "safeguards" designed to reduce discount chain opposition—passed Sen. Charles Mathias' (R-Md.) trademark subcommittee during the closing hours of the 1983 Congressional session.

But, the compromise bill pushed through by Mathias still faces a showdown early next year in the full Senate Judiciary Committee where lobbyists for NMRI, AGMC and individual discount chains are likely to maneuver for further changes.

The most significant modifications in the final subcommittee bill are aimed at resolving discount store industry concerns that brand name manufacturers would be free to engage in no-warning search-and-seizure harassment raids against price-cutting retailers under the pretext of seeking evidence against "traffickers" in counterfeit merchandise.

The version approved by Mathias' subcommittee late last month would continue to allow manufacturers to request "*ex parte*" (no notice) court orders permitting surprise raids on retail stores and warehouses.

But, in a key concession to discount industry critics of these provisions, Mathias agreed to accept a subcommittee staff draft sharply limiting the ability of manufacturers to obtain "*ex parte*" seizure orders.

As passed by the subcommittee, the bill specifically prohibits courts from issuing such no-warning search orders without evidence that the retailer targeted for the raid has "counterfeit goods" in his possession, and that the manufacturer would "suffer immediate and irreparable injury, loss or damage if the goods or materials aren't seized through execution of an '*ex parte*' order."

The revised bill further prohibits no-warning seizures of "business records" (such as chain invoices or purchase orders which could be used to track down supply sources), and requires manufacturers to post security bonds to reimburse retailers victimized by a "wrongful" search-and-seizure

(Continued on page 88)

Richmond Bow Due in April

Price Club to Invade East Coast

RICHMOND—The Price Club will make its East Coast debut here on April 2, 1984.

By the end of next year, at least three 100,000-sq.-ft. Price Club membership wholesale outlets will be up and running in eastern markets, according to Alan Werner, president of the Price Company East.

Construction of the first warehouse is now being completed on Richmond's West Side and plans are under way for the purchase of land in the Washington, D.C., market on which the second unit will be built. Werner wouldn't comment on possible locations for the third warehouse.

Both Richmond and Washington were targeted as viable locations for outlets when the East Coast spinoff of the Price Company was first formed in May of this year, said Werner. As the capital city of Virginia and site of a Federal Reserve office, Richmond, like Washington, has a large concentration of government employees—a major group targeted for Price Club memberships.

The Price Company East—62% of which is owned by Sol Price's original Price Company—will follow the same formula used in California and Arizona and use the Price Club name, said Werner. He and a group of investors own the remaining 38% of the Company.

As in the West, truckloads of goods will be delivered directly to the warehouse and stacked out on industrial shelving. Business members must show professional or resale licenses and pay a $25 annual fee to buy at wholesale prices. Group members must belong to a union or work at a bank, credit union or branch of government to purchase merchandise at 5% over wholesale.

One difference in the East Coast units may be the absence of a $15 per-year group membership fee, which was recently adopted in the Price Club units out West. Werner said the group membership fee was still under discussion at presstime. He explained the fee wasn't applied by West Coast units when they first opened and therefore may not be applied by the East Coast stores "at this point in time."

Location Named

Werner said he will follow the same practice of sticking to low-rent areas for the East Coast Price Club units. In Richmond, the Club will be located across the street from a Thalheimer's warehouse, which also serves as a retail outlet, and down the street from a Circuit City Super store—another warehouse-type operation.

Werner refused to disclose membership figures or make projections for the Richmond unit. He did say sales are expected to follow the same patterns as in the existing Price Clubs, which have grown past $50 million per unit annually.

Paysaver Is Latest Cataloger To Test Jewelry/Giftware Store

CHICOPEE, Mass.—Paysaver has become the latest cataloger to test a jewelry and giftware specialty store by opening a 3,000-sq.-ft. Ultima Jewelers in downtown Springfield, Mass.

The cataloger has also acquired the assets of Value Mart, a troubled Pittsfield, Mass., showroom as its fifth full-line store.

These moves last month came as the cataloger completed plans to relocate its headquarters from Chicopee to a new 31,000-sq.-ft. office and central warehouse in West Springfield, Mass., early next year.

That step was triggered by the impending sale of Polep Candy & Tobacco, a tobacco, candy and grocery jobber that founded Paysaver in 1961, to Heller, White & Co., a New York-based holding company.

As a result of that sale, due to be finalized at presstime, Charles L. Polep will give up his post as president of the tobacco jobber (but continue as a director) and remain with Paysaver as president. His son, James A. Polep, Paysaver vice president, will become senior vice president.

Mortimer A. Polep continues as Paysaver chairman and will become chairman of Polep Candy & Tobacco; his son Jeffrey Polep becomes president. Charles and Mortimer Polep are brothers.

The Ultima Jewelers store, which is across from the Baystate West Mall and office tower, features all the jewelry and giftware in the Paysaver catalog along with additional not-in-catalog goods. "If we are successful with Ultima," Charles

(Continued on page 86)

Ailing Cook United, Closing 16 Stores, Ups Apparel Effort

By ARTHUR MARKOWITZ

MAPLE HEIGHTS, Ohio—In an effort to regain its profitability, Cook United next year will increase its efforts in the merchandising area, including revamping six Cleveland stores with a stronger soft goods look as a key step.

This year the discounter mainly focused on financial concerns. They included (a) negotiating a new three-year $23 million revolving line of credit used exclusively to purchase soft goods from reluctant vendors; (b) deferring payment of the principal on current debt of about $3 million, and (c) phasing out at presstime of 16 "outpost" stores to improve the company's liquidity through the projected saving of about $20 million in inventory costs.

A number of financial moves still have to be completed, including obtaining waivers of covenant requirements concerning the company's net worth, and the projected presstime sale of Boston Distributors, Cook United's last wholesale operation.

Developing a more profitable merchandising posture has been an ongoing concern for the discounter. The latest effort was sparked by Russell A. Hansen, who was hired as the company's top executive six months ago. At that time he said that he would strengthen the merchandising of lines that appealed to women shoppers, such as apparel.

Noted Background

Hansen, who filled the post of president that had been open for the four previous months, was a retired K mart veteran with a soft lines background. Among his endeavors was involvement in developing K mart's Designer Depot off-price apparel chain.

As part of the terms of Hansen joining Cook United as president, board chairman and chief executive officer, he named three new board members, one of whom was S. Polly Shaine, a consultant in the fashion merchandising field. She had served as senior vice president and general merchandise manager of Venture and before that as vp and gmm for all apparel at Bradlees.

A Cook United source said: "We wouldn't destroy our image of being a hard goods discounter, but we will try and improve the soft goods sales ratio of our mix. Historically, apparel and domestics together accounted for 15%-20% and we'll be inching up slowly. I think we want to be at 25%-30% in another year."

The Cleveland stores' revamping will spot apparel and accessories in the front of the units, using the latest fixtures for a "more modern presentation," he said.

Related to Other Move

The look will be similar to that used in upgrading Cook United's CSC logo stores in Louisville, Ky., in 1982. That reformatting gave the units a fashion image, and in the apparel areas featured the use of circular racks, waterfalls and other specialty displayers in place of the straight runs previously used.

The CSC effort was geared to boosting apparel sales without changing the ratio of floor space devoted to hard lines and soft goods.

Cook United doesn't plan to change the footage ratio in the Cleveland stores. However, the source noted: "It will be necessary to somewhat shrink the hard goods assortment so we can increase our turns." Merchandise redundance will be cut so that less sku's will be carried for a narrower but deeper mix.

Cook United has 13 Uncle Bill's logo stores in the Greater Cleveland market. Six on the East Side will be revamped by April 1 as a major test in developing a fashion look for the discounter. (The company also uses Rink's, CSC, Cook's and Clark's as its logos in various markets.)

The discounter is banking on strengthening apparel merchandising as a key to a turnaround in 1984. It has written off 1983 and expects to close the fiscal year (ending Jan. 28, 1984) with a loss.

Hansen's predecessor as chairman and ceo, Harry M. Broder, forecast at the company's annual meeting June 14, 1983, that "we still believe that fiscal 1983 will be profitable."

Broder took over as chairman and ceo in early Febru-

(Continued on page 4)

Stores Prosecute Thieves More, Boost Conviction Rate

NEW YORK—Mass merchandisers and other retailers are getting tougher with thieves, and it's paying off.

Prosecutions by mass merchandisers, as a percentage of apprehensions, rose to 61% in 1982 from 47% in 1981, according to a survey conducted for the National Mass Retailing Institute by Arthur Young & Co.

Convictions as a percentage of prosecutions by mass merchandisers rose from 73% in 1981 to 84% in 1982; as a percentage of apprehensions, convictions climbed from 34% to 51%.

These findings reflected the overall retail trend. (The study summarized responses from 180 retail organizations with more than 36,000 locations and sales close to $97 billion.)

Errol Cook, a partner in Arthur Young, said that in 1982 87% of those prosecuted by all types of outlets surveyed—mass merchandisers, department stores and specialty stores—were convicted, vs. 77% in 1981. Overall, prosecutions as a percentage of apprehensions went from 48% in 1981 to 61% in 1982. Convictions as a percentage of apprehensions rose from 37% to 53%.

The increasingly tough attitude of retailers reflected the problem: Shrinkage rates gained an average of 10% in 1982, resulting in a loss of $2.13 billion for the responding companies. To further battle the rising problem, retailers put improved employee education at the top of their plans.

According to the survey, 91% of the mass merchants, 86% of department store executives and 84% of the specialty store operators targeted employee education as a weapon against shrinkage that should be sharpened.

(Continued on page 88)

How Retailers Teach Shrink Control

	Mass Merchandisers	Department Stores	Specialty Stores	Overall Average
To security personnel:				
Films/Videos	64%	91%	37%	62%
Formal Classes	50	74	28	49
In-store Training	90	97	80	89
Training Manual	79	79	63	74
Other Methods	16	9	20	16
None	6	3	13	8
To nonsecurity personnel:				
Films/Videos	68	80	33	59
Formal Classes	38	54	30	39
In-store Training	86	80	88	85
Training Manual	60	23	61	53
Other Methods	8	0	7	6
None	1	3	2	2

Note: Many retailers use more than one type of orientation program. Therefore, percentages don't add up to 100. *Source: Arthur Young & Co., for NMRI*

Modified Bill Curbs Mfrs.' Ability to Get Seizure Order

(Continued from page 3)

raid.

Discounters who are subjected to a groundless "*ex parte*" search would be entitled to damages for lost profits, as well as for "good will" lost because of a manufacturer's "publicizing of a seizure that is determined to have been wrongful."

The "compromise" version approved by Mathias' subcommittee doesn't trim the stiff new criminal penalties for "traffickers" in counterfeit goods (five years in prison plus up to $1 million per offense) which have been criticized by some industry lobbyists as "excessive."

Like earlier versions, the final measure defines counterfeit merchandise as goods bearing "a spurious mark which is identical to or substantially indistinguishable from a genuine" trademark.

Both AGMC and the broadly based American Retail Federation have raised serious concerns about this "vague" definition, warning that the anticounterfeiting penalties could be used as a weapon against "private label products, generic drugs and other beneficial trade practices."

Even so, lobbyists for NMRI expressed general satisfaction with the subcommittee's version, noting that "most, if not all, of the comments NMRI made in the past have been incorporated into the new bill."

Although "the legislation isn't something we positively desire, we hope that we have smoothed out most of the rough edges in it," NMRI Washington representative Endicott Peabody told *DSN*.

"With some further changes" which NMRI will seek when the full judiciary committee takes up the bill early next year, it "should be legislation that established discount retailers needn't fear," Peabody said.

In contrast, AGMC told Congress that despite the subcommittee-approved improvements its chain members remain "deeply concerned".

In addition to the continuing problem of the bill's "overbroad" definition of counterfeit products, the Washington-based industry group warned that the new version offers little protection for retailers who unintentionally purchase bogus merchandise.

Moreover, since the legislation still doesn't require manufacturers to prove that a retailer has counterfeit goods in his possession before obtaining an "*ex parte*" search order, the new language remains insufficient to protect discount chains from no-warning harassment.

Although AGMC provided Congress with a number of major proposed "improvements" in the subcommittee-passed version, NMRI's list of suggested changes was considerably narrower.

In a letter to Mathias, NRMI lobbyists characterized their remaining concerns as involving only "a few small points" in the subcommittee-passed version. The most far-reaching of these "small" changes requested by the association, however, would largely exempt discount stores from the search-and-seizure provisions by focusing such remedies on "fly-by-night" operators.

K mart Tries Out Accents, Off-price Housewares Store

(Continued from page 1)

tiered glass shelf displays angled to enhance traffic flow.

Although Accents sells fine brand-name items here that wouldn't usually be sold directly to discounters, K mart claimed it is able to buy 95% of the store's goods direct and encountered no out-of-stock problems during last month's grand opening week.

Even including the basics housewares categories, 60% of Accents' vendors are reportedly new to the chain. K mart strove to buy branded items that aren't in its conventional discount outlets, although some initial overlap occurred because of the speed of the store's opening. "Those [38] items will be phased out by the end of 1983," said Patrick Padden, general manager of Accents, Kresge and Jupiter stores.

Despite Accents' marked departure from K mart's regular business, and the massive efforts made to position the store as a unique, high-service, off-pricer of fine tableware and gifts, company officials insisted that no similar stores are planned, nor is Accents a test before adding fine items to conventional K mart discount stores.

The chain, they said, is merely taking advantage of a local market void and a long-term lease in a prime location. Being just five miles from company headquarters in Troy, Accents can be watched closely.

K mart spent $250,000 to convert, in just seven weeks, a former Kresge variety store—which spokesmen said had been profitable—in order to open in time for the Christmas selling season.

Accents opened with overall prices 10%-40% lower than local retail competition, according to Padden. Notable grand opening promos included: 40% off list on Waterford goblets and wineglasses, 20-piece Wedgewood bone china dinner sets, Royal Doulton figurines, Lenox place settings and serving bowls, and Belleek accessories; 50% off Oneida silverplate or stainless steel flatware; 30% off Hummel figurines and Lladro sculptures.

Plans Aired

Padden said Accents will heavily discount "at least one fine tableware and gift category at all times, but none will be footballed."

Adding to the appeal of the store's front half, calligraphic shelf signs denoted heavy price discounts on selected goods. Moreover, Accents special-orders fine tableware patterns not in stock, establishes no minimum purchase for credit card use and giftwraps.

High service levels will continue "because Birmingham shoppers expect it," said Padden. Accents employs 23, about 75% on a full-time basis.

The store's rear half is designed to be self-service, with most products ribbon-displayed on bare-bones fixturing. Here, Accents aims for a quality image with its in-line assortment of highly recognizable brand names like Libbey glassware, boxed Corning cookware sets and General Electric space-saving small appliances.

Accents also ribbon-displays Durand salad sets, Anchor Hocking punch bowl sets, Country Village stoneware and Farberware sets near heavy traffic aisles.

From perimeter walkways, customers can easily browse in separate sections of decorative brassware, barware and extensive wicker displays. Toward the rear, shoppers see a well-planned, 12-ft. wall display of kitchen gadgets, a rear wall of silk flowers and a service desk for custom arrangements.

Manufacturer displays and overhead signs are totally absent from the store.

Underscoring Accents' multiple price-point approach in basic housewares, the store advertised 20-piece Country Village stoneware sets at $33.88, compared with secondary brands at $16.88-$19.97. Handcrafted wicker baskets started at $5.97, while large 3-piece storage sets sold for $109.91. Kitchen gadgets ranged from $1.96 to $6.44.

Stores Prosecute Thieves More, Boost Conviction Rate: Poll

(Continued from page 3)

Retailers also agreed they should plan more efficient accounting or paperwork systems, better screening of employees and tougher controls at the registers.

During 1982, mass merchandisers had the largest increase in shrinkage—15.8%—which rose to 2.2% of sales. Department stores reported a 13% rise to 2.6%. Specialty stores, however, reported a drop in shrinkage to 1.8% from 2% the previous year.

The overall upward trend in shrinkage followed two years of flat results, said Cook. The 1982 rise is seen, in part, as a result of the recession, and is expected to reverse as the economy picks up, Cook explained. Mass merchandisers spent an average of 1.4% of sales on security during 1982. Department stores and specialty chains spent 0.7% and 0.5%, respectively.

Although mass retailers used mirrors, locks with chains and guards as security devices most often in 1982, Cook sees a trend toward higher-tech equipment among mass merchants. "There is currently an increase in the use of tags and POS devices that tie in with state-of-the art technology."

According to the 1982 report, 54% of mass merchants use POS equipment to fight shrinkage and 34% use magnetic tags; 78% of department stores use POS devices and 64% use magnetic tags.

For their part, mass retailers plan to push employee education, to fight pilferage, with videos, films, classes and manuals; 72% reported continuing training programs on shrinkage control for both security and nonsecurity personnel during 1982.

According to the report, the breakout of losses remained consistent with past results. Employee pilferage stayed high, accounting for 50% of total losses; shoplifting comprised 30% and poor paperwork control, 20%.

For mass merchandisers, the highest instance (43%) of employee theft took place at the register among cashiers; the second highest instance was among floor personnel. At department stores, most employee apprehensions (47%) took place among selling floor personnel and the second highest employee thefts were among cashiers.

K mart Sues Rachel Perry For $1.8M, Alleging RPM Conspiracy

(Continued from page 2)

complaint alleged.

In addition, K mart charged Perry with engaging in "discriminatory promotional" schemes in violation of the Robinson-Patman Act.

Specifically, K mart alleged that Perry never offered it any cooperative advertising allowances, promotional credits, or any payment for services and facilities made available to "full-price" stores that sell the same Perry cosmetics.

The complaint asked the courts to prohibit Perry from fixing retail prices and from engaging in any activities which discriminate against K mart's ability to purchase the cosmetics.

According to K mart lawyers, Perry's alleged RPM conspiracy dates back to at least 1980 when the firm "adopted a policy to protect department stores and other retail outlets from the price competition of discounters."

As part of that policy, "Perry requires distributors and retailers to agree that they won't sell Rachel Perry natural skin care, body care, and makeup products to any retailers not authorized" by the company, the chain charged.

Perry's memo to distributors stated that its prohibition against sales to "discount stores" specifically included "mass merchandisers such as K mart."

Moreover, the cosmetics manufacturer warned distributors that "it is contrary to our marketing program to have the product line appear in such an environment" and that "if it is learned that Rachel Perry products are included in 'discount store sets,' the possibility of termination exists," K mart told the court.

Significantly, the chain argued that Perry went beyond merely refusing to sell to discounters—a practice which isn't necessarily prohibited under the Federal antitrust laws.

Among other things, the manufacturer "established a surveillance system to ensure compliance" with its RPM conspiracy by independent distributors and nondiscount retailers, K mart maintained.

"Under this surveillance system, when Rachel Perry is informed or learns that a distributor is selling or offering to sell its" H&BA products "to K mart or other discounters, it has threatened to terminate" these firms, the chain told the court.

As a result of these practices K mart stores in some areas have been unable to obtain the Rachel Perry line at all, while units in other parts of the country have "had to pay a higher price" for these products, the discounter maintained.

In addition, some distributors "have delayed shipments and have otherwise sought to harass and interfere with K mart's sales of Rachel Perry" H&BA items, and the chain "has suffered injury to its goodwill and reputation" as a result of these activities, the company's attorneys charged.

Mays Would Speed Ch. 11 Payments

(Continued from page 2)

creditors to a total of 33% of their claims on confirmation of the plan.

The discounter is currently negotiating to lease or sell the Fishkill store which co-anchors the Dutchess Mall with a Service Merchandise catalog showroom.

Dutchess Mall Associates II claims it suffered almost $4.8 million in damages from Mays' closing of the Fishkill store.

Should the Dutchess Mall Associates II claim be disallowed in full before confirmation of the plan, unsecured creditors will receive another 11% repayment of their claims for a total of 44% on the first distribution date of their claims.

A hearing of the dispute between Mays and Dutchess Mall Associates II was due at press-time.

If the plan is approved by creditors, distribution dates would then be set.

Mays, in the plan's disclosure statement, noted that if the reorganization isn't approved and a liquidation is carried out, only $5 million would be available for unsecured creditors.

The statement also disclosed that the liquidation sale carried out in the five stores closed by Mays in the spring of 1982 by Wisconsin Toy & Novelty generated approximately $4.3 million for the discounter.

A breakdown of claims and expenses shows that secured creditors have claims totaling almost $12.1 million; other priority claims amount to $3.4 million; unsecured claims (excluding disputed claims) come to $6.5 million; unpaid administration expenses, $800,000, and expenses of administration for goods and services during the Chapter 11, almost $3.4 million.

The repayment plan calls for interest at the rate of 10% to accrue to creditors after the second year of the plan's operation, but to be paid at the end of the fifth year.

CONSUMER ELECTRONICS SHOWS

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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CES Newsbreaks

• **DISCOUNTERS ARE TRACKING A JOINT ATARI/** Activision venture to broadcast video games directly into consumers' homes—analogous to the impact of radio on record sales, officials of the two companies said.

Discounters, at first blush, weren't altogether sure of the effect. Said Ames' Jerry Fine: "It could have a double-edged effect, making hotter hits but hurting the more mediocre cartridges." Other chains generally agreed.

• **K MART IS LAUNCHING AT LEAST TWO SEPARATE** tests of electronic video game merchandising programs. One involves the Xante system in six Tulsa area stores; the other, Romox (see story, p. 26) in five California stores. Other chains are said to be looking closely at similar systems.

• **A.T.&T. IS REPORTEDLY READY TO INTRODUCE A** home computer toward the end of the first quarter. The company earlier confirmed that Bell Labs was "playing" with the idea, but spokesman Mike Granieri claimed no knowledge of a pending introduction, adding, "It wouldn't surprise me, though." The unit is said to be priced in the $400 price area.

Closeout Stores Multiply, Give Birth to an 'Industry'

By ARTHUR MARKOWITZ

[First of two articles.]

They're called closeout, odd lot, surplus or salvage stores.

But, no matter what the name, they have become increasingly important retailers of off-price merchandise, mainly hard lines, and in the process have given birth to an "industry."

Once populated predominantly by entrepreneurs with one or two stores that often began as salvage operations, the industry now taking shape has chains as the volume retailers, with a number of these companies either publicly held or considering such a step within the next year or two.

"Opportunistic buying" of whatever merchandise is available from manufacturers, importers, retailers, liquidators, insurance companies and similar sources is the common denominator of the industry, said Phillip Cohen, chairman of Job Lot Trading, a pioneer closeout chain.

A consensus of executives interviewed by *DSN* summed up the general operation of the industry as follows:

The chains purchase goods in quantities that run from small lots to trailer loads at prices that range from a sharp deal of 10¢ on the wholesale dollar cost up to a more common 50¢ on the wholesale dollar.

The merchandise, in turn, is sold to the consumers for the wholesale price or less, with the spread between the chains' purchasing cost and selling price generating gross margins that can range to 50% and more.

The profit potential generated by gross margins of 50% and more has resulted in closeout and salvage retailers ending up with a bottom line return of 5%

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Closeout Chain (Hq. Location)	Estimated Sales (Millions) 1983	Number Of Stores 1984	Projected Store Openings In 1984
Pic 'n' Save (Calif.)	$210	85	4-10
Odd Lot (N.Y.)	110	75	50-60
Tuesday Morning (Texas)[A]	50	49	8
Building 19 (Mass.)	36	6	0
Job Lot Trading (N.Y.)	35	2	1-2
Shoppers' Choice (N.Y.)[B]	35	36	0
C.O.M.B. (Minn.)[C]	34	5	3
Railroad Salvage (Conn.)	25	5	1
Marden's (Maine)	15	4	1
Walls Bargain Center (Okla.)	12	12	2
Odd Lots (Ohio)[B]	12	21	30
Hudson Salvage (Miss.)	12	7	1
Don Gage (N.Y.)	12	4	0
Rockwell Salvage (N.J.)	6	5	2
County Dump (N.Y.)	5	3	1-2
Jackson Fire Sale (Miss.)	5	2	0
Dollar Saver (Okla.)	5	5	0
Walter Salvage (Miss.)	5	2	0
Wags (N.J.)[B]	2	5	1-8

[A] Stores open only during five specific months of the year. [B] Less than a full year of chain operation. [C] Includes mail order sales.

Source: DSN *research*

Wags Puts On the Dog: Goes Public

ROCHELLE PARK, N.J.—Three former top Two Guys executives are trying to go from Wags to riches by going public.

The 1½-year-old Wags is their entry into the fast-growing closeout, off-price merchandising field. Five stores were in operation by the end of last year, with up to eight more planned for this year, aided by a proposed $4.5 million stock offering.

The trio—board chairman Ronald I. Harris, president Salvatore D. Merlo and executive vice president Richard Seylaz—modeled Wags on such other closeout specialty stores as Job Lot Trading, the pioneer of this type of retailing, and Pic 'n' Save, which has 80 stores on the West Coast.

The three executives' move into closeout merchandising reflected their general experience at Two Guys, which relied on this type of merchandise for everyday sales and promotions to a much larger degree than other discounters. In addition, Seylaz, prior to joining Wags in its formation stage in August 1982, was a vice president of Job Lot and organized the hard goods department's sales force.

When Two Guys was in operation, Harris was a vp, Merlo a divisional merchandise manager for housewares, giftware, home furnishing and lighting, and Seylaz an assistant vp and

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• **Gold Circle unveils sleek apparel push.** (p. 67)

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Chains Analyze B&D Acquisition

Takeover to Slow G.E. Supplies?

By AL HELLER

NEW YORK—Discounters plan no immediate merchandising changes as a result of Black & Decker's pact to purchase General Electric's small-appliance business.

Many chains, however, foresee supply problems after the planned takeover this spring and are looking to alternate brands as backups.

In addition, some chains say they may replace weaker-performing G.E. products with those of competitors in the spring and fall seasons.

Retailers predict a rush by other manufacturers to grab market share during the corporate changeover. The iron and toaster-oven markets, which G.E. currently dominates, are most susceptible to efforts by Sunbeam, Proctor-Silex and Toastmaster brands, chain spokesmen said.

However, discounters largely agreed they'd give B&D a chance to prove itself before significantly altering category buying strategies. They've been told by G.E. sales representatives that G.E.'s current direct sales force will remain intact, as will B&D's other sales channels using middlemen for its existing products.

The supply issue is touchy, however, because many discounters were singed in 1983 by B&D's inability to provide promised shipments of its successful Dustbuster hand-held vacuum—a product considered the company's wedge into the housewares selling door. On the other hand, chains voiced no complaints about the flow of B&D's mainstay hardware products.

Still, ill will runs deep in some sectors of the trade.

Michael Anthony, Gold Circle divisional merchandise manager-home furnishings, cited problems obtaining Dustbuster: "The biggest crime in all of retailing is figuring out what we'll buy, when we'll run it in ads, have the manufacturer promise us support and then we don't get it shipped. It makes us nervous about missing ads and having holes on the floor, as [it] happened. We can't tolerate it from anybody."

That shadow of doubt, mentioned by several major discounters, could hurt trade commitment to G.E. brand small appliances.

To foster strong trade relations, B&D has to assume as innovative a posture in housewares as in hardware, said retailers.

"The anticipated competitive rush, and the company's need to win retailer and consumer favor well in advance of the three years it has to keep the G.E. name on products, makes it necessary," said K mart senior electric housewares buyer Dennis Dorn.

"This is a more substantial part of B&D's business than it was for G.E. They'll work hard-

(Continued on page 78)

Reagan Orders Sweeping Curbs On Textile Imports From China

WASHINGTON—President Reagan's abrupt order for sweeping new restrictions on textile imports from mainland China and dozens of other nations represents a strategic setback for K mart, Zayre, Wal-Mart and other top discount chains struggling to protect their apparel supply lines from the Far East.

At presstime, lobbyists for the nation's discounters were sifting through their options in the wake of the White House textile order late last month, but a spokesman for one industry group acknowledged that "we don't seem to have many more cards to play."

One of the remaining avenues still open to discount chains and other domestic retailers is a Federal court suit challenging the President's action as illegal under both United States and international law.

At least one nondiscount retail organization—the National Retail Merchants Association—announced plans to file such a court challenge the same day that the President issued his controversial quota decision.

Discount store industry leaders from the Association of General Merchandise Chains and a number of individual chains which had actively resisted new restrictions on apparel imports were still examining their options at presstime.

The White House order was sparked by a Commerce Department investigation into charges by domestic textile mills and labor unions that the Peking government is unfairly subsidizing shipments of inexpensive textiles and apparel to discount chains in the United States.

After a number of top discount chains interceded in those proceedings, the domestic manufacturers and labor groups agreed to withdraw their complaint for 10 days to give United States trade negotiators time to strike a compromise agreement on imports with China.

But, the cooling-off period didn't produce a settlement, and the domestic industry threatened to refile its petition for relief.

Hours before the deadline the White House intervened on behalf of the United States manufacturers and unions with new rules calling for immediate restrictions on textile imports.

Significantly, the President's

(Continued on page 4)

New Quotas Are Expected To Disrupt Chains' Supplies

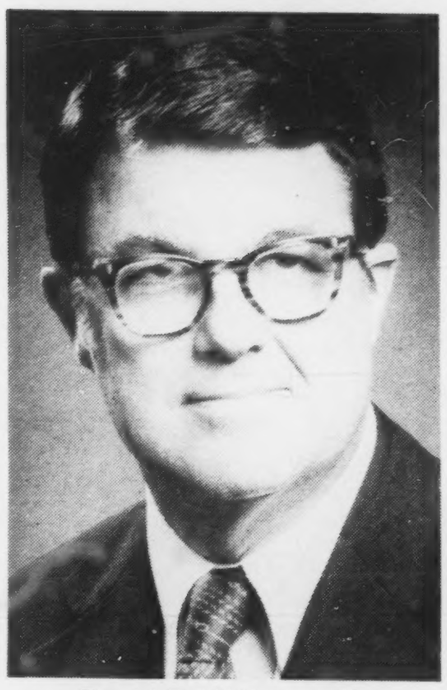
WASHINGTON—Lobbyists for the nation's discounters expect the new Presidentially imposed quotas on textile imports to create supply source disruptions for chains, higher prices for consumers and a particularly severe shortage of lower-priced apparel lines from overseas.

The trade restrictions "will mean new uncertainties for importers, greater disruption of retailers' business, and, if they succeed in their protectionist purpose, reduced availability and higher prices for many textile and apparel items," AGMC president Edward T. Borda charged.

"Retailers who sell low- or moderately priced goods will be particularly hurt since exporting nations faced with new trade restraints will tend to concentrate on shipping higher priced items," he added.

Although Borda stopped short of threatening legal action to block the White House import restrictions—a course already advocated by other retail groups—he said that "AGMC opposed the [original] petition seeking countervailing duties on Chinese exports, and we are totally opposed to the new trade restraints and any other protectionist measures that threaten our industry."

The association's next move was being debated behind closed doors at presstime.



David P. Williams, III

Robert E. R. Huntley

Williams, Huntley

Caldor, Best Appoint 'Outside' Executives To Top-Level Slots

NORWALK, Conn.—Associated Dry Goods, for the second time in a year, has appointed one of its top executives president of Caldor, the discount store division that continues to be firmly ruled by Carl Bennett, its founder and current chairman and chief executive officer.

A Closer Look

David P. Williams, III takes over as Caldor president on Jan. 16, filling a post vacant since July, when Dennis S. Bookshester resigned to become president and ceo of Carson Pirie Scott's troubled department store division. Bookshester had joined Caldor as president in January 1983 from ADG's Sibley, Lindsay & Curr division. He had headed that Rochester department store chain as president and ceo.

Williams is currently ADG's executive vice president, overseeing four divisions: L. S. Ayres, Stewart Dry Goods, Robinson's of Florida and Sycamore Specialty Stores. He has worked only in the conventional department store field.

Bookshester had joined Caldo amidst speculation that he would eventually assume full responsibility for the discounter as Bennett at that time indicated he was interested in reducing his activities. Bennett subsequently stepped up his endeavors and Bookshester later resigned.

RICHMOND—Best Products has become the second cataloger within three months (along with Service Merchandise) to go outside the industry to find a top executive for its showroom operation.

The company, the nation's largest cataloger, has named Robert E. R. Huntley, formerly president of Washington and Lee University for 15 years, as a Best executive vice president, and president and chief operating officer of its 197-unit showroom division. Huntley has also served as an outside Best board member for 14 years.

Huntley, 54, is the first president and coo of the showroom division that was set up a year ago as part of the restructuring of parent Best Products.

As head of the showroom arm, Huntley becomes one of four top company executives reporting directly to Best Products president and coo, Andrew Lewis. (The others are Joel D. Koblentz, executive vp and chief financial officer; Dudley L. Parker Jr., senior vp administration and Richard T. Riley, senior vp specialty retailing division, Best's other operational arm.)

Lewis said Huntley's "activity on the [Best] board has given him a thorough understanding of our business as well as an appreciation of the goals and aspirations of the company."

Profits of Discounters, Old-liners Shrink in Latest Fiscal Year

NEW YORK—When discounters took their recession-prompted markdown bath in the fiscal year ended last March 31, volume climbed but earnings shrank.

The strong promotional environment led to lower gross margins which, along with slightly higher expenses, tempered the positive impact of discounters' all-time-high sales per square foot and the second best sales-per-store level on record.

In comparison, the nation's economic doldrums hurt conventional department stores more severely. Pretax earnings plummeted 26% to just 3.79% of total store sales, their lowest level in 10 years. High markdowns, slowed turns and a thin 5.3% annual sales gain contributed to the lackluster performance.

Sales Improve

Discounters' expense controls formed the crux of their brighter picture. While holding expenses at 24.74% of total sales in the 1982-83 fiscal period, just 0.08% more than the year before, discounters managed sharply higher volume. On a per-store basis, sales rose 12.2% to $4.53 million; on a square footage basis, sales climbed 4.8% to a record $113.20.

Overall gross margins at discounters declined, however, from 29.47% to 29.05%, which contributed to a fall in net earnings after taxes from 1.84% of sales to 1.71% of sales.

Analysis of the merchandising and financial results of discounters and department stores is based on three studies: the National Mass Retailing Institute's *Operating Results of Self-Service Discount Department Stores, 1982-83*, the National Retail Merchants Association *1983 MOR Report for 1982*, and the NRMA *FOR Report for 1982* (with the focus on

(Continued on page 66)

Schottenstein-McCrory Offer

Joint Bid Gets HRT, Court O.K.'s

NEW YORK—HRT Industries chose a joint takeover bid from Schottenstein Industries and McCrory, after reviewing an 11th-hour offer from Abraham Zion Industries on the eve of HRT's date in bankruptcy court.

If no more bids are taken the joint offer should be approved by HRT's creditors and shareholders by the end of this month, according to Harvey Miller of Weil, Gotshal and Manges, attorney for Schottenstein.

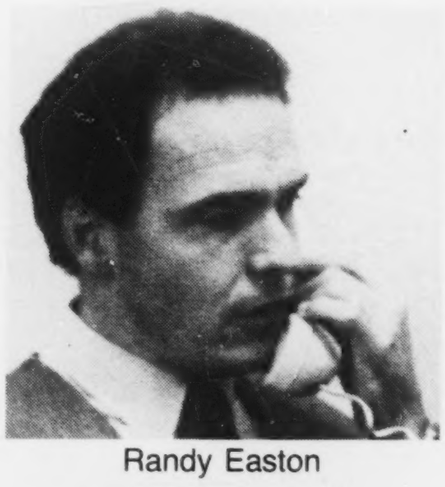
HRT decided on the Schottenstein-McCrory offer, reportedly because it involved payment of $18 million—$6 million more than the Zion offer—for stock. The bankruptcy judge accepted that decision. The Zion plan also included issuance of preferred stock for creditors, a move that reportedly would have hurt HRT on taxes.

The joint offer made by Schottenstein and McCrory provides for the purchase of 55% of common stock for $18 million with creditors receiving 35% and current shareholders retaining 10%. The two takeover partners plan to split the stock—each paying $9 million for 27.5%. In addition to the common stock, creditors are guaranteed 55% of their claims in cash.

The rejected Zion offer, which offered $12 million for 51% of HRT common stock, had been considered the best for current stockholders because it diluted their holdings the least. In the days just before the Zion bid was made, benefits for current HRT shareholders and senior management were the only points in the joint plan that were still being ironed out.

In the original reorganization plan submitted by Schottenstein, HRT management would have received 750,000 shares of the reorganized company stock and a guaranteed 10% annual salary gain. But, when McCrory bettered Schottenstein's bid to pay $12 million for 55% of the stock with an offer to pay $18 million for the same shares, that stock offer to management was dropped.

By joining forces with McCrory, Schottenstein managed to hold onto a stake in the company that operates Zodys discount stores and Karl's shoes, while risking less capital, Miller explained. Now, instead of paying out its original offer or beating McCrory's offer, Schottenstein will pay only $9 million. McCrory, an equal partner in the takeover, will also pay $9 million.



Randy Easton

DSN Ups Easton To Midwest Post

NEW YORK—Randy Easton has been named Midwest regional sales manager of *Discount Store News*, it was announced by Fred J. Filer, publisher.

Easton moves up from *DSN* Midwest sales representative, a position he held for the past three years. He was previously sales manager at Pro Sports Marketing in Atlanta.

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Vol. 23, No. 1 Jan. 9, 1984

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CONSUMER ELECTRONICS

CES Highlights Telephones, Computers

By BRENT H. FELGNER

LAS VEGAS, Nev.—Telephones and home computers were expected to remain at center stage during 1984's Winter Consumer Electronics Show (CES), though the level of confusion shouldn't be as intense as at last summer's show.

At any rate, discounters planned a more directed approach to the business at hand—plotting second-half '84 strategies and programs. Many said that short of major new product announcements, their slightly larger delegations would seek to work the four exhibition halls more methodically and carefully.

But, the sheer size of the show still threatened to disrupt those plans. More than 80,000 visitors were expected to jam the nearly ¾ million sq. ft. of exhibit space.

This is the so-called "buying show"—though, typically, only preliminary commitments are made, if any, by the larger chains. That's been especially true of some of the more explosive merchandise categories.

While the focus, as always, will remain on new product introductions, many of the discounters were looking to CES for a stronger sense of the current trends, among them:

—New or newly viable players in the home computer market, such as Apple.

—Signs that Atari and Coleco's price increases will hold—a sign of stability in the marketplace—and whether they'll be followed by others, such as Commodore.

—An update on the available supplies of home computers.

—Educational computer software.

—Efforts by video game manufacturers to halt further deterioration of that market.

—A.T.&T.'s still developing plans in the mass market.

—Whether, in general, telephone prices will continue to fall while supplies hold up.

Home computers? Video games? Portable audio? K mart has set up its home computer service island with an eye toward versatility, enabling it to work for other merchandise categories as well. *(DSN photo)*

"We're also looking for the sleeper—the one that's invariably there, somewhere—that can make the spring," said John Dankwardt, buyer for Prange-Way.

Like many others, though, Dankwardt expected the bulk of his time at the show to be spent in refining the chain's efforts in telephones and home computers.

Phones seem to have the edge this year, if only because of their projected volume, relatively stable margins and the New Year's timing of A.T.&T.'s break-up. A number of chains were actively considering the company's program prior to coming to the show, while others had plans to meet with A.T.&T. executives while here.

Buyers said their focus in computers will be on boosting margins and building programs.

"Consumers know telephones and that makes them an easier sale," said Frank Remaley, dmm, Murphy's Mart. "Even the new phones, like the cordless, have been selling strongly."

Remaley said he'd be looking at some higher-tech phones as well as those with extensive features.

On the computer side, the chain was seeking to bolster its offerings, specifically with a replacement for the now-gone TI. Remaley said a continuing effort was required to keep the category even marginally profitable—adding that Murphy's Mart computer centers have received wide acceptance.

"It's a difficult category—one that takes a lot of time and effort to manage successfully," said Tom Kiley, vp, Jamesway.

The New Jersey-based chain has been selective about installing computer programs in its stores, Kiley said, in the belief that such programs might not yield results chainwide.

On the heels of a strong fourth-quarter showing by video games, many discounters were seeking ways to capitalize on what's left of that market.

The pricing situation was expected to be an important determining factor.

"We've found we can move massive quantities of the budget-priced cartridges," said Bob Gunn, merchandise manager for Gaylords. "Even with this decline in the category the cartridges will continue to sell on the strength of the current video game base."

Phone Sales Seen Getting Hotter; A.T.&T. Ups Plans

Nationwide DSN Report

Discounter telephone sales, which gathered a full head of steam in 1983, are expected to move even faster in 1984.

Virtually every major chain had a telephone program during the last year—from experimenting with the low-end, one-piece models to the A.T.&T. Phone Booth program.

With the gloves off in the telephone business, as a result of the A.T.&T. divestiture, many chains have expressed an active interest in pursuing higher-end lines, most notably A.T.&T.

A few have already entered into talks with the company, such as K mart, while many others have planned talks with it during the Winter CES.

It appears that A.T.&T.'s own programs have done more to stifle that additional business than anything else, however. The company, in 1983, took an all-or-nothing approach to the market by mandating that discounters take its entire Phone Booth program, rather than permitting the line to be cherry-picked.

Additionally, some chains said that the phone giant's pricing wasn't sharp enough to allow them to offer more than nominal discounts at retail to maintain slim margins.

Those factors, combined with the pluses of the firm's image and recognized product quality have left many buyers torn on the issue of whether to go with the program.

But, things may be changing.

"They've changed their attitude considerably in recent months," said Marty Jacob, vp, merchandising for the Federated Group, the 15-unit West Coast CE specialist. "They've started to loosen up on their pricing and programs and will probably do more this year. They have to; they're out there competing for real now."

A.T.&T. vp/national sales manager Al Franks agreed, if only partially. Yes, the company will become more promotional this year both to consumers and to the trade, he said, but it won't compromise its programs. The chains will have to take the entire Phone Booth program—or nothing.

"I don't like their lack of support and I don't like being dictated to about what should be done in our stores," said Doug Johnson, buyer for the Oregon-based Bi-Mart. "They have to realize they're in a new ball game now."

Merchants at other chains expressed similar reservations, although many seemed willing to set them aside in favor of going with the Phone Booth program.

"I really don't know what we should do," said one merchandise manager who asked not be identified. "I'm really not that crazy about their terms but I don't see how we can be in the phone business without their program."

At T.G. & Y., associate buyer Rex Hollaway seemed also to be leaning toward the Phone Booth program, apparently justifying his feeling by the additional volume he would expect it to produce.

"We might sell fewer units, overall, but at higher price points," he said. "In terms of dollars, I expect to double my phone business in 1984."

T.G. & Y. currently handles 25 sku's ranging in price from $5.96 for one-piece units carried on an in-and-out basis, to $79 for a clock-radio phone.

(Continued on page 77)

Chains, Suppliers Will Participate In 2nd DSN Roundtable Discussion

LAS VEGAS, Nev.—Managing—and profiting from—the home computer market will be the continuing focus of top executives of suppliers and leading discount chains at a roundtable meeting during the Winter Consumer Electronics Show (CES) here.

The discussion, sponsored by *Discount Store News,* is scheduled to be held at 7:30 a.m., Monday (Jan. 9) at the MGM Grand Hotel. It's the second in a series of meetings aimed at fostering a high-level dialogue on the merchandising and marketing of the home systems.

The first roundtable meeting was held in Chicago last June during the Summer CES.

Among the panelists and companies that had confirmed their participation at presstime were: Linwood "Chip" Lacey, senior vp, merchandising, Best Products; Joe Mullen, dmm, Hills; Commodore; Coleco; Jack Mueller, senior vp, marketing, Child World; Joe Naughten, general manager, electronics, Gemco; Timex; Broderbund; Bill Prophater, vp, gmm, hard lines, Gold Circle; Jerry Fine, dmm, Ames; Spinnaker Software; Software Distribution Services (SDS); Frank Remaley, dmm, G. C. Murphy Co., and Sibex book publishers.

A transcript of the session will be published in a subsequent issue of *DSN.*

CONSUMER ELECTRONICS

Discount stores, like Venture, Springfield, Ill., are becoming bolder in VCRs in light of falling price points and consumer acceptance. Venture features a JVC VHS unit at $599.99 and a Sanyo Beta unit, $399.99. *(DSN photo)*

Manufacturers' Home Video Sales Climb

PRODUCT	Nov. 1983	Nov. 1982	% Change	Jan.-Nov. 1983	Jan.-Nov. 1982	% Change
Color TV	1,378,380	1,053,360	+30.9	12,444,089	10,210,227	+ 21.9
Monochrome	608,354	488,479	+24.5	5,153,447	5,084,072	+ 1.3
TOTAL TV*	1,986,734	1,541,839	+28.9	17,597,536	15,295,199	+ 15.1
Projection TV	16,288	14,617	+11.4	125,349	101,629	+ 23.3
Home VCR	434,070	232,595	+86.6	3,489,524	1,703,124	+104.9
Color Video cameras	40,694	23,665	+72.0	343,372	252,756	+ 35.9

**Excludes projection television.* *Source: Electronic Industries' Association's Consumer Electronics Group*

Home Video Hot; Shipments of VCRs To Stores More Than Doubled in 1983

WASHINGTON—Exceeding the 1982 total by 105%, video cassette recorders led the 1983 growth rate of the entire home video product line.

For the first 11 months of 1983, nearly 3.5 million VCRs were shipped by manufacturers in the United States.

Every category of home video posted sales increases over 1982, according to data compiled by the Electronic Industries Association's Consumer Electronics Group (EIA/CEG). Highlights of the data include:

- Color television sales to dealers in November increased by nearly 31%; 22% more color televisions were sold for the first 11 months of 1983 than in 1982.
- Monochrome television sales in November increased by 25% over November 1982 and 1.3% for the first 11 months of 1983.
- Color video camera sales numbered over 40,000 in November, a 72% increase from the prior-year period. This brought the total sold in the United States in 1983 to more than 343,000, 36% over the previous year.
- Projection television sales increased 11% in November, bringing them 23% ahead on a year-to-date basis.

If you're looking for a phone program that rings some bells, there's someone you should talk to.
Midland CES Booth 803
MIDLAND 816/241-8500

It takes more than a few telephones and some fast talk to make your cash registers ring.

It takes a complete program built on planning, forethought and concern. That's why Midland telephones are built to American telephone performance standards. Yet cost 25 to 40 percent less.

We cover all price points with 26 SKU's of hardwire and Cord-Free telephones. A complete line that gives customers the features they want with the quality they expect. Solidly backed by a 1-year limited warranty.

There's a national sell-through consumer campaign and a complete co-op program with a hard-selling POP package.

Any way you look at it, if you're going to be in phones in 1984, you should be talking to Midland. So call us today at 816-241-8500. Or write our Consumer Products Division, Dept. CSA/1, at 1690 North Topping, Kansas City, Missouri 64120. **Better yet, join us at CES Booth 803!**

MIDLAND INTERNATIONAL CORPORATION

A member of the Beneficial Corporation family

tech hifi

(Continued from page 47)

service levels with high prices. While it was advertising its homey, laid-back environment, ("Come Play," was one earlier theme), its competitors, such as Crazy Eddie in Metropolitan New York, were advertising "insane prices."

Hence, the change in tech hifi's advertising approach, bolstered to a lesser degree by sharpened prices and trimmed margins, enabling it to pitch, "Save up to 50% and more, everyday in every store!"

While the claim may be correct—based on manufacturers' suggested list prices—it could be argued that even the most casual shopper is aware that no one has to pay full retail for most CE products.

Also, the chain's advertised prices still don't appear very sharp. Video recorders, a strengthened area of emphasis for the chain, provided good examples. The Panasonic PV 1220 VHS recorder appeared in the Paramus, N.J., store priced at $429.

But, a Caldor store, also in Paramus, matched hifi's price during a sale on the unit; the price was comfortably beaten by Service Merchandise, which also has a Paramus unit, with a $418.84 listing in its catalog.

Mayes and Merrick responded that their chain's price protection policies will keep it in the price-slashing ball game. That may be true in situations where customers are already in the stores and salesmen are attempting to close the sale. But, it hardly seems sufficient to attract the kind of traffic necessary for its thinner margins.

In fact, exactly the opposite may be true. The chain's price-item advertising could become one of the "lowest advertised prices" used by some consumers when playing the lowball price game.

Merrick maintained, though, that the ad campaign will continue to work *because* of its price-item approach.

"The others are out there pushing 'insane prices' but not telling the customer how much and what for," he said. "What we're telling people is that in addition to knowledge and product we do have price—and we have it everyday."

CONSUMER ELECTRONICS

Predicasts Predicts:

Newer Items to Help Tune Up CE Market To $58B by 1995

CLEVELAND—The consumer electronics market is expected to grow from $23 billion in 1982 to $58 billion by 1995, according to Predicasts, a Cleveland-based business research firm.

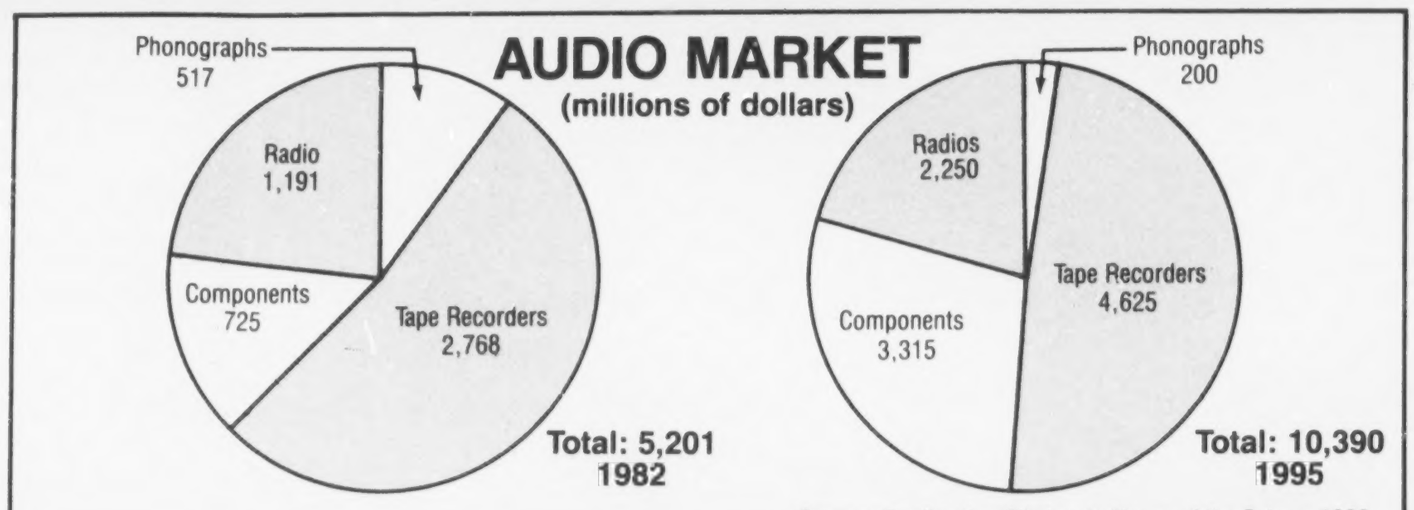
Established product categories like audio and video goods are expected to remain strong. Newer areas like videotex/teletext, home computers, digital audio discs (DAD's) and AM stereo radios will also account for a major portion of sales.

The data are derived from Predicasts' *Electronic Home of the Future*, a just-released study on the consumer electronics market.

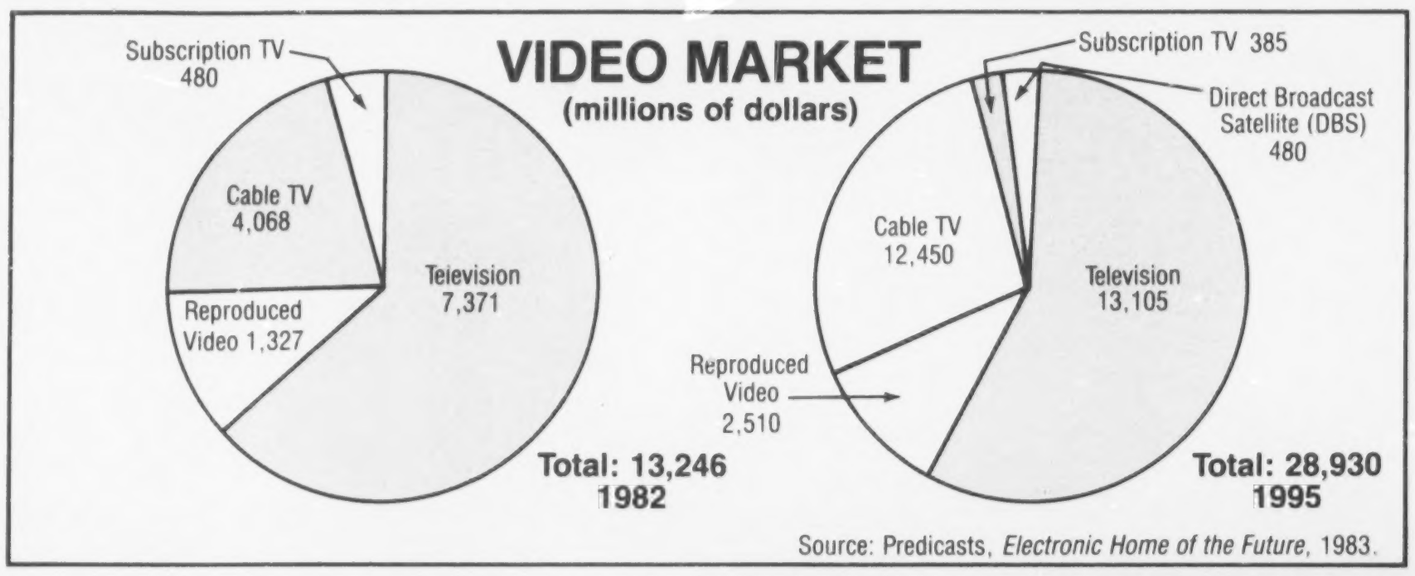
Videotex/teletext, slated to grow out of an increased national demand for leisure products and time, is projected to expand at the rate of 80% a year, going from slightly more than $100 million in 1982 to more than $2 billion in 1987. Afterward, its growth will moderate somewhat, but it is expected to reach the $10 billion mark by 1995, the report said.

Paced by television sales and cable television revenues, the rest of the video segment is expected to remain strong during the period. Television set sales are projected to increase from $7 billion in 1982 to $10 billion in 1987, as households are expected to add second, third and fourth sets, according to the study.

(Continued on page 53)



Source: Predicasts, *Electronic Home of the Future*, 1983.



Source: Predicasts, *Electronic Home of the Future*, 1983.

Rave

(Continued from page 30)

$450 range.

"If you know of a way that I can get them in here, I'm listening," Jacobson said of one brand, in particular. "We have tried repeatedly to move the TV lineup and it's been frustrating, at best."

The audio area also includes a 12-ft. gondola run of personal stereos, priced mostly in the $15 to $50 range. There are no high-end units in the assortment typically associated with the high end.

Jacobson's pet, clearly though, is his computer department, which he has found the most challenging and volatile.

While Rave has identified major full-line discount chains, specifically Target and K mart, as its most significant competition, it has gone a step further in its offerings and service approach.

While Rave's prices on keyboards were competitive with the full-line stores, they failed to meet or beat them. For example, Rave advertised the Commodore 64 keyboard at $206, while most other discounters in the market were priced at $199.

Still, Rave has become one of Commodore's leading retailers in the Southwest, according to Jacobson, who cites service as the reason.

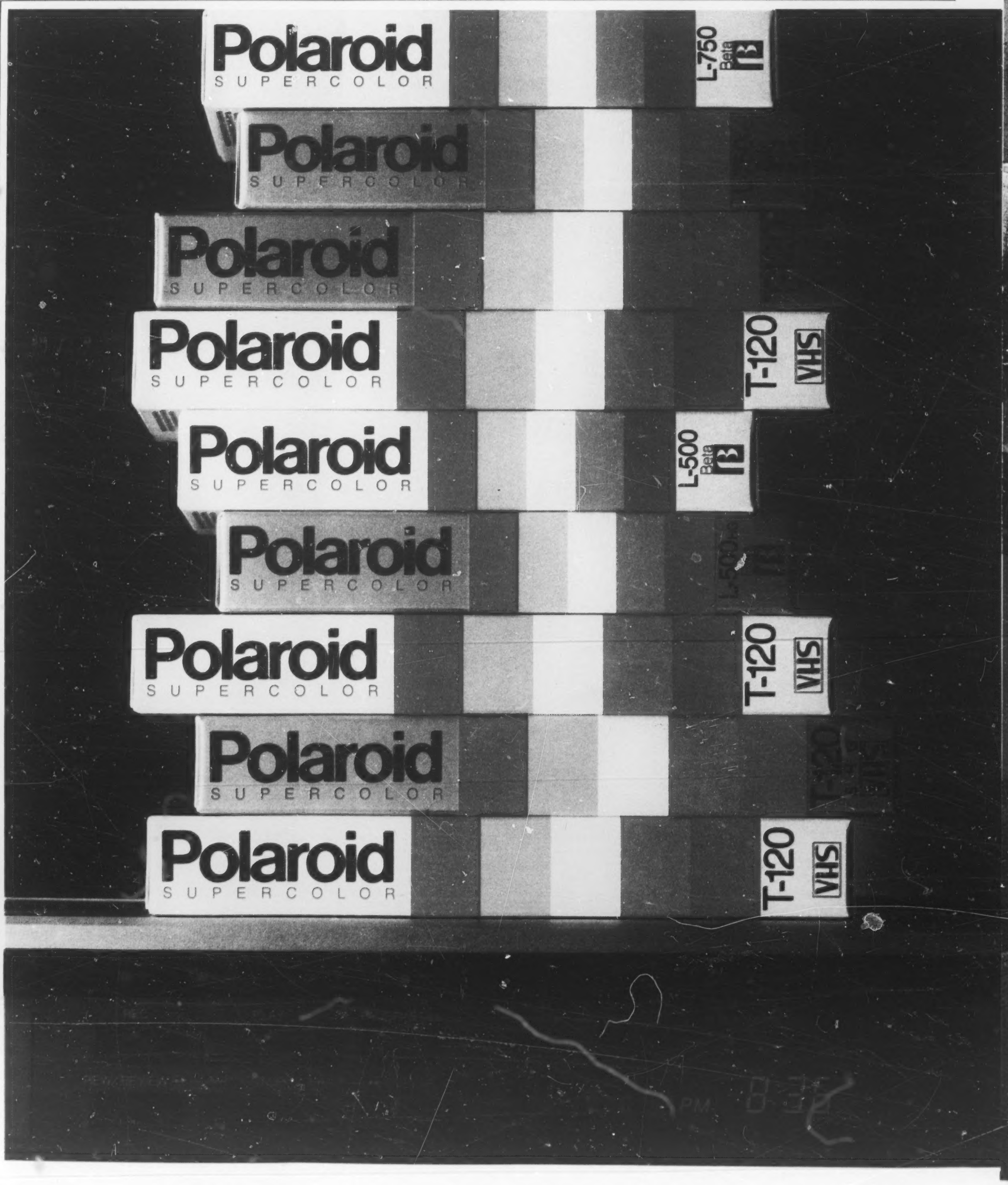
The computer departments are typically serviced by one or two people who have been trained or who have other background in home computers. It's not uncommon to find one of them working out a bug in a system for a previous customer.

Jacobson, however, said there are no previous customers, only continuing ones. He justified the department's heavy dose of service by mandating that every service contact be treated as a renewed sales opportunity.

Even with the absence of saner prices, and with Rave's own growing pains, Jacobson said the service orientation won't change.

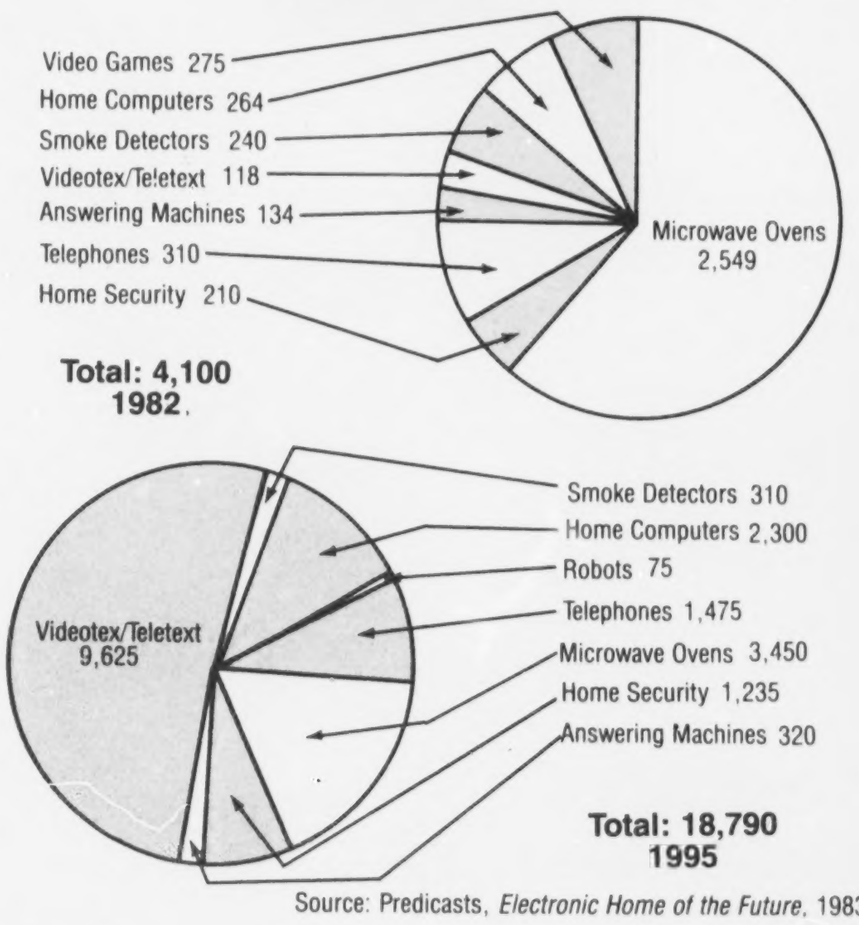
He believes the chain will grow—though not now.

"We're still learning, like everyone else," he said. "And, we'll think about expanding again, when we learn a little more."



CONSUMER ELECTRONICS

CE MARKET
(other than audio, video)
(millions of dollars)



Source: Predicasts, *Electronic Home of the Future*, 1983.

TV Turns on the Customers Again

After several years of disappointing TV sales, catalogers like Best Products, Fairfax, Va., report renewed customer interest in everything from 13-in. black & white models to color units of all sizes.

(DSN photo)

Now Polaroid
stacks the deck in your favor.

New Polaroid
Supercolor Videotape is here!

Introducing Polaroid Supercolor Videocassettes. In VHS and Beta tape formats. In Super High Grade and Standard quality. In a variety of recording lengths.

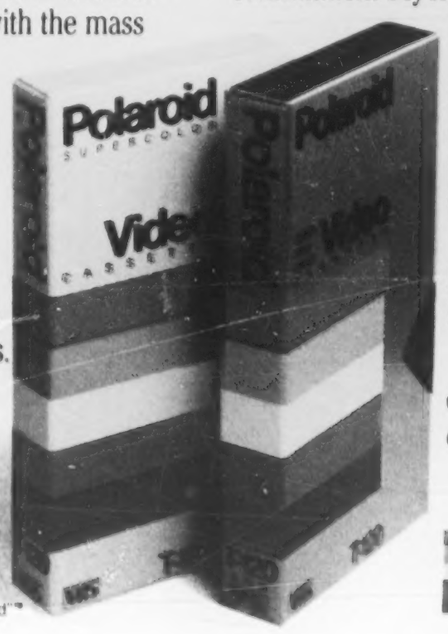
The power of the Polaroid name. Polaroid Supercolor brings to the market what no other videotape can: our name. The number one name in instant photography. The name that created a whole new market. The name American consumers know and trust.

The time is now. The fact is, the VCR market is about to explode. And Polaroid is the one company with the mass marketing clout and technical expertise to light the fuse. Right now.

Instant New Business. Will new Polaroid Supercolor generate instant new business? Consider the results of exhaustive research conducted by Polaroid.

Over half of current VCR owners already own a Polaroid instant camera. 72% attribute a favorable image to Polaroid and its products. 97% rate Polaroid videotape a good idea. And 64% of those who saw concept advertising indicated an extreme or likely intent to purchase.

The facts speak for themselves. Polaroid will do for videotape what it did for instant photography.



© 1983 "Polaroid"™

The power of Polaroid marketing. Polaroid built an entire industry on dynamic consumer marketing and advertising. On prime-time television. And in major national magazines. We'll do the same for new Supercolor videocassettes.

What's more, innovative promotions will bring customers to your counter. To look for the Polaroid name. To ask for Polaroid Supercolor.

The Polaroid Commitment. Now Polaroid expands its commitment beyond instant photography to a new world of instant imaging.

The introduction of Polaroid Supercolor is the turning point for a rapidly emerging source of new profits. Finally, there's a premium-quality videotape consumers are willing to pay for.

There's never been a better time to get into video. Because starting right now, the deck is stacked in your favor.

To contact your Polaroid Representative, call toll free, (800) 225-1210. In MA, AK, HI call collect, (617) 577-4229.

And start recording profits.

Polaroid

$58 Billion

(Continued from page 52)

During the same period, cable television revenues are expected to rise from $4 billion to more than $7 billion. By 1995, television set sales should equal $13 billion and cable television revenues $12 billion.

Sales of reproduced video equipment—e.g., videocassettes and video discs—grew 54% between 1972 and 1982. They are expected to reach the $2 billion mark by 1987 and $2.5 billion by 1995, according to the report.

Audio will increase to a $6.5 billion market by 1987, up from $5 billion in 1982, the report stated. By 1995, it will have grown to $10 billion, paced by movement in AM stereo radios in both portable and high-fidelity forms.

New Moves

The study predicted that receiver manufacturers and broadcasters will soon agree on a single industry standard, a move that became necessary when the Federal Communications Commission decided several years ago to let the open marketplace decide this question.

In addition, the market for audio components is slated to grow by annual 14% increments until 1987, after which it will settle back to an 11%-a-year growth through 1995.

One other area of consumer electronics that is expected to grow is the telecommunications market. Practically nonexistent in 1982, this budding market was spawned by industry deregulation and the breakup of A.T.&T. By 1987, telephone manufacturers are expected to garner $1 billion in sales, a 24% yearly increase from the 1982 total of $300 million. By 1995, telephone sales are projected to approach $1.5 billion. Telephone answering machines are also expected to exhibit steady growth during this period, the study said.

Other products slated to grow into the 1990's include home computers, home security devices, microwave ovens and personal robots. While the latter may initially be viewed as a toy, it is expected to mature into a domestic servant, according to Predicasts.

Discounters' Net Sinks in Latest Fiscal Year

(Continued from page 2)
statistics for department stores with sales exceeding $100 million). The NMRI study measures performance of 28 discount chains operating 3,426 stores with aggregate sales of $15.1 billion.

Fifteen major merchandising categories were tracked by *DSN* from statistics in the reports. The figures showed that in battling the recession, discounters and department stores lured shoppers in different ways.

Discounters raised markups in 13 key categories and took higher markdowns as a percentage of sales in 10 categories compared with the fiscal 1981-82 period. Department stores raised markups in just six categories and lowered them in five. Markdowns were greater in eight categories and lower in three.

On the bright side for department stores, net operating expenses were shaved to 37.3% of total sales from 37.47% last year. In addition, overall stock shortages fell to 1.85% of total sales from 2.12% a year earlier. Average customer transactions rose from $21.54 to $22.18.

Discounter stock shortages climbed a substantial 13% to 1.73% of total sales.

The thrust for both types of retailers was aggressive pricing and minimal changes in gross margins taken. Compared with discounters' 1.4% drop in gross margins to 29.05%, department store gross margins declined 3% to 40.16%. Discounters' gross margins were up in seven of the 15 key categories and down in six. Department stores' were up in just three, down in nine.

Department stores cut inventory levels more sharply to conserve cash and limit interest expenses. This effort showed up as a considerable 9.2% drop in turns to 3.06. Discounters, however, improved their turns 4.1% to 3.27.

Among the key categories, discounters' turns rose in nine and fell in two; at department stores, turns in four were up and down in six.

Harsh evidence of retailer economic struggles in the fiscal 1982-83 period blared in the soft goods area. It was equally true for discounters and department stores that they "bought" apparel and accessory sales at the expense of profits.

Discounter markups edged minimally higher in apparel: women's wear rose 0.4%; men's wear 8%; children's wear 3.8%; fabrics, notions and yarn 3.4%. Similarly, department stores raised markups by 0.2% and 0.8% in women's and men's wear, and 0.4% in fabrics, notions and yarn.

These were balanced, however, by more significant boosts in markdowns, which hurt department stores especially. Discounters took 6.5% greater markdowns in women's wear; 16.8% in men's wear; 16.4% in children's wear; 11.7% in fabrics, notions and yarn. Department store markdowns increased by 8.3% and 21.7% in women's and men's wear; 7.9% in children's wear; 23.9% in fabrics, notions and yarn.

Discounter performance was also mixed on soft goods gross margin, stock shortage and turns. Men's and children's wear gross margins fell 2.5% and 2.9%, respectively, while women's wear rose 3.1% and fabrics, notions and yarn was up 2.5%.

Adding It Up

Discounters controlled stock shortages better in the categories of men's and women's wear than in those of children's apparel and fabrics, notions and yarn. Improved performance by 6.6% and 19% in the first two categories contrasted with poorer performance in the latter two, up 22% and 62%, respectively.

Among the key hard lines categories, discounter markups rose in all except toys and records, photo and books. However, because markdowns were also greater for almost all these categories, gross margins were lower overall.

Department stores, on the other hand, took higher hard lines markups on hardware, housewares and toys compared with a year earlier. Despite stock shortage improvements, lower gross margins resulted in seven categories from higher markdowns and largely lower turns.

Department stores also garnered mixed results on apparel. Women's wear had a 0.2% gain in markup, a 2.7% boost in stock shortage and a 2.5% climb in turns offset by an 8.3% increase in markdowns. The result was a modest 1.1% gross margin gain.

Men's wear gross margins slipped 1.6%—the effects of a 21.7% increase in markdowns, an 8.7% rise in stock shortages, a 9.7% drop in turns and a 0.8% increase in markup.

In children's wear, gross margins remained the same, despite an 8% jump in markdowns and a 4.5% climb in stock shortages. Markup and turns remained stable.

Discounters vs. Dept. Stores

Department	Markup[1] Discount Store	Markup[1] Dept. Store	Markdown[2] Discount Store	Markdown[2] Dept. Store	Stock Shortage[3] Discount Store	Stock Shortage[3] Dept. Store	Gross Margin Discount Store	Gross Margin Dept. Store	Turns Discount Store	Turns Dept. Store	Sales as % of Total Volume[4] Discount Store	Sales as % of Total Volume[4] Dept. Store
Auto Accessories	32.3%	N.A.	7.1%	N.A.	1.5%	N.A.	26.7%	N.A.	3.3	N.A.	4.6%	N.A.
Major Appliances	N.A.	26.5%	N.A.	6.4%	N.A.	1.1%	N.A.	22.3%	N.A.	3.7	0.1	1.1%
Home Electronics	23.1	27.4	8.5	8.1	1.8	2.2	17.0	22.4	2.9	3.7	3.5	1.9
Small Appliances	23.4	26.4	7.3	6.7	1.2	2.1	18.3	21.1	3.3	2.7	1.9	1.2
Housewares	38.5	45.3	9.6	10.7	0.6	1.3	32.5	41.0	3.0	1.8	4.4	1.9
Hardware[A]	38.9	41.7	7.9	9.3	2.9	4.5	31.9	33.9	3.0	1.8	7.8	0.7
Records, Photo and Books	24.1	29.8	3.6	5.1	2.5	4.4	19.7	25.7	3.1	1.9	3.0	0.7
Toys	33.3	42.6	7.9	13.5	1.8	2.2	27.8	35.6	3.1	2.2	4.9	0.5
H&BA	25.0	35.7	4.8	1.3	2.1	1.2	21.3	34.9	4.4	3.5	8.6	4.6
Women's Apparel & Accessories[B]	44.6	51.3	13.1	20.9	1.7	3.6	36.5	44.7	4.2	4.0	13.1	22.5
Men's Wear	41.3	50.2	9.7	14.0	1.4	2.5	34.7	43.8	3.6	2.8	6.9	12.8
Children's Wear	40.3	49.3	9.9	13.6	1.1	2.3	33.4	44.6	4.0	3.3	7.7	6.3
Fabrics, Notions and Yarn	39.4	47.7	9.5	10.9	1.3	3.4	33.1	43.0	2.5	1.7	6.9	N.A.
Sporting Goods	32.1	44.3	6.9	17.5	1.7	3.4	26.3	34.8	2.2	2.0	3.5	0.6
Stationery and Greeting Cards	41.7	46.9	4.3	6.8	1.0	1.9	39.4	43.8	3.6	2.9	2.9	1.3

Discount store figures are combined dollar averages; (conventional) department store figures are medians. N.A.—Not available.

[1] Cumulative figures, including transportation costs. [2] Figures include employee discounts. [3] At retail. [4] Discount store figures are percentages of total sales for chains with sales in the specific departments; department store figures are percentages of total consolidated store volume.

[A] Department store figures exclude paint and related supplies, lawn and garden. [B] Discount store figures include intimate apparel and accessories, which aren't included in department store statistics. Latter's median figures for this category are: markup, 51.5%; markdown, 8.3%; stock shortage, 2.3%; gross margin, 49%; turns, 3.1, and sales percentage, 11.5%.

Sources: For discount stores: NMRI's Operating Results of Self-Service Discount Department Stores, 1982-83. *For department stores: NRMA's* 1983 MOR report of 1982 Merchandising and Operating Results.

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Telephone, Answering-Machine Market

	1972	1977	1982	1987	1995
Population (millions)	209.30	219.80	232.00	243.50	260.50
Households (millions)	66.70	74.10	83.50	92.90	105.00
TELEPHONES					
Per Capita	0.46	0.55	0.63	0.70	0.81
Per Household	1.44	1.62	1.74	1.83	2.00
Residential Telephones In Use (millions)	96.00	120.00	145.00	170.00	210.00
Retail Sales (millions of units)	—	—	7.20	19.00	25.00
Sales Volume (millions)	—	—	310.00	930.00	1,475.00
ANSWERING MACHINES					
Per 1,000 households	—	12.80	29.90	77.50	193.30
Sales (thousands of units)	—	300.00	839.00	1,400.00	2,500.00
Sales (millions of $)	—	60.00	134.00	184.00	320.00

Source: Predicasts, Electronic Home of the Future, 1983.

Phone Biz Growing Fast

(Continued from page 23)

Margins run at about 28%, Hollaway indicated.

Heck's also expected to move into the A.T.&T. line this year, according to John Brandon, dmm, who also said he'll drop the one-piece phones altogether, even on a promotional basis.

Instead, he said he'll stick with name brands, such as G.T.E., using some knockoff imports like the slimline, priced at $29.

"There's no question that the first half this year will be stronger than even the fall of last year," he said, "simply because of the heightened consumer awareness."

At Danners, buyer Dave Paris said he expected a 15% increase overall in the telephone business this year. He added that during the show he'll sit down with A.T.&T. to review the program.

Danners has been carrying a phone assortment that included G.E., Webcor, US Tron and Kraco, ranging in price from $12.99 to $169. He said the cordless phones have been his best sellers.

ALCO's buyer Richard Millner also planned to talk with A.T.&T. during the show, despite his intention generally to stay away from the other "big names."

The Kansas-based chain has given most space to Unisonic and Soundesign telephones with the overall price range from $9.99 to $150.

Whether the chains ultimately decide to accept the Phone Booth program or not, virtually all indicated that they planned to step up their assortments.

"The first year of this business was somewhat clouded in anticipation of the divestiture and while consumers got used to the idea of owning their telephones," A.T.&T.'s Franks said. "Our own research indicated that despite whom the purchase is made with, there will only be a leased base of about 10 million phones in five years. And, that will be the irreducible minimum." That's on a current installed based of at least 90 million units, Franks added.

Wags Plans $4.5 Million Stock Issue

(Continued from page 1)

group mm for H&BA, cameras, toys, lawn and garden, giftware, pet supplies and foodsundries.

Wags' potential may be gauged from financial figures in the company's red-herring prospectus for the sale of one million shares at a proposed $4.50 a share, along with results from the much larger Pic 'n' Save and Wal-Mart, the discount industry's No. 2 chain.

Wags' results cover two separate periods: a formation stage from Aug. 3, 1982 to April 30, 1983, when it had one 7,000-sq.-ft. store in Weehawken, N.J., in operation and had just opened a 6,400-sq.-ft. unit on Staten Island, N.Y., and the six months ended Oct. 31, 1983, when it had a 9,900-sq.-ft. Wags in Jersey City, N.J., as its third store.

(Wags in November 1983 opened 10,300-sq.-ft. and 8,100-sq.-ft. units in Totowa and Bricktown, N.J., respectively, and signed a lease for a 6,400-sq.-ft. store in a shopping center now under construction in Montclair, N.J.)

Sales in the formation stage amounted to $945,854 and net income was $31,457 or 3.3% of sales. The gross profit (as a percentage of sales) was 44%.

In the six-month period, volume was $1,527,860 and net earnings were $69,854 or 4.5% of sales. Gross profit remained at 44%.

Pic 'n' Save, the only major publicly held closeout chain, in the fiscal year ended Dec. 31, 1982, had net income that amounted to 15.2% of sales while its gross margin was 54.6%.

Wal-Mart, one of the most profitable discounters, in the fiscal year ended Jan. 31, 1983, had net earnings of 3.7% of sales, while its gross profit was 27.2%.

Key to the high gross profit percentage of Wags (and of other closeout chains) lies in the company's method of buying discontinued and excess merchandise, the backbone of its inventory. The prospectus noted that Wags makes most of its purchases from manufacturers and wholesalers "at substantial reductions from generally prevailing wholesale prices."

Wags buys about 80% of its mix this way, with the balance consisting "of continuing product lines which are purchased from suppliers at generally prevailing wholesale prices," according to the prospectus.

Sales Examined

A category breakdown of sales shows that housewares accounts for 24%; electronics, 18%; apparel, 16%; toys and sporting goods, 16%; domestics, 11%; hardware and auto accessories, 10%, and H&BA, 5%.

Wags plans to acquire a warehouse to enhance its ability to purchase and store large quantities of closeouts and other opportunistic buys as they become available.

The $4.5 million projected to be raised from the stock offering includes $400,000 for a warehouse and $500,000 for inventory, fixtures, vehicles and other equipment for the facility.

Other uses of the funds will include $200,000 to repay a bank loan used for working capital and preopening expenses for the stores in operation; $350,000 for inventories for the two stores opened in November 1983, and $1.9 million to finance the planned eight new stores.

The remaining amount, less an undetermined sum for underwriters, discounts and commissions, is to be used for working capital and general corporate purposes.

Wags "believes" the public offering will provide "adequate funds to finance" the eight new stores and provide "sufficient working capital to meet its cash requirements for at least one year."

Units are to be located in the high-traffic centers that will enable Wags to feed off the customer draw of other larger retailers, thereby avoiding the need to do extensive advertising. Of the five stores already opened, the units in Weehawken, N.J., and on Staten island, N.Y., are in enclosed shopping malls anchored by Pathmark Super Centers. Those in Jersey City, Totowa and Bricktown, N.J., are in strip center recycles of ex-Two Guys.

The public offering will give Wags a 2,050,000 share float. The one million shares offered to the public accounts for 48.8% of the total, but the $4.5 million expected to be obtained from the sale will amount to 93.9% of the funds raised for the company.

Initial private investors obtained 1,050,000 shares at an average price of 28¢ a share for a total of $290,000 that first financed the company.

After the offering is completed the largest stockholders and their percentage will be Harris, Merlo and George B. Levine, a director since Wags' inception, with 13.9% each, while Seylaz will have 6.3%. These four purchased their stock for approximately 19¢ a share.

Closeout Stores Multiply

(Continued from page 1)

of sales as an average, executives said.

One executive noted: "People are reluctant to talk about the business because it's so profitable. Even the sales figures they [companies] give are often much less than what they are really doing."

The savings of 40% to 70% that the closeout retailer offers can be found on an ever-changing mix of goods that ranges from dog food and plastic feeding dishes to wedding dresses

The industry has two different roots: companies that deal mainly in salvage goods, with merchandise obtained from fire, railroad and marine insurance firms as the major sources, and stores that handle closeouts, overruns and odd lots from manufacturers, importers and, occasionally, traditional retailers.

The catholix mix found in most closeout and salvage stores changes constantly and there generally isn't any merchandise continuity. A few, however, have up to 10% of their assortment in continuity items that can range from H&BA and sundries to hardware .

But, merchandising for closeout stores is a vastly different world from that of discounters, catalogers and other traditional retailers.

Sam Osman, the retired founder of Job Lot who became one of the industry's fathers by opening his first store just after World War II, explained:

"We work backwards by first deciding if we can sell an item and at what price. Then we discuss [with the supplier] the price that we will buy the merchandise. We don't have a set markup as each item has to be judged on its own merits."

William (Rube) Vine, president of Railroad Salvage, one of the few salvage operators to make the transition to a closeout retailer, detailed the reasons why merchandise for closeout and odd-lot stores is always around:

"In tough times, manufacturers and importers spin off inventories to raise cash so that they don't have to owe banks a lot of money.

"In good times, manufacturers are prone to try out new products. They also overproduce as sales are good and they need to build up stocks to meet growing demands from traditional retailers."

But, Job Lot Trading's Cohen warned: "You have to know where the opportunities are in the marketplace. You have to dig for it. Then you have to make a deal that the manufacturer can live with, and that you can live with."

A number of other common threads unite closeout and salvage retailers.

John Marin, a partner in County Dump, which does both types of retailing, explained that "the most important thing in this business is our word. We have to establish and maintain good relationships with all our sources of supply."

Jerry Ellis, president of Building 19, predominantly a salvage retailer, added: "We have to take good care of our sources of supply and our customers. If a supplier doesn't want the brand name of a product advertised, then we don't mention the name. And we have a liberal return policy for customers because our business is geared to never losing a shopper."

The infusion of chain operators into the closeout field "has given stability to the industry," said Charles S. Huber, chief executive officer of Shoppers' Choice. He changed Century House, a catalog showroom chain, into a closeout retailer because of the greater profits and potential of the closeout industry.

But, Arthur Frankel, president of Pic 'n' Save, so far the only publicly held company in the field, said closeout retailers are still entrepreneurs, rather than a retail industry.

He explained that his 85-store operation is still geared to react on a small scale, rather than a chainwide basis. "There aren't any minimum quantities that we will buy," he said. "We can put goods into just a few stores or into a limited market area if the quantities aren't enough for all our stores or if the manufacturer doesn't want the goods to go into an area that could upset his regular distribution."

Still, the potential for a chain operation has attracted a number of companies.

Consolidated International, a national wholesale and liquidator company, launched a chain of seven closeout stores 10 months ago called Odd Lots in the Greater Columbus, Ohio, Area and plans to open 30 units in other markets this year. Treasurer Mark Lang said, "It's difficult to say when the country will get oversaturated with closeout stores—or when there will be a lack of goods to support the industry."

[To be concluded.]

Job Lot Trading Appoints Goldman

NEW YORK—Arnold Goldman has been named president of Job Lot Trading, the pioneer closeout off-price specialty retailer.

Goldman has been president of Hammacher Schlemmer, the hard lines specialty store. He had also worked for Bloomingdale's, including serving as merchandise manager of The Main Course, its upscale housewares department.

Concurrently, Meyer Bader has joined Job Lot as the company's sixth merchandiser. He had been merchandise manager of the two-store Masters discount chain.

Time Is Right For MSX

(Continued from page 26)

porting MSX. The consumer is ready to step in with his dollars to make it all work.

Recent market research has shown that 22% of the people who intend to buy a computer in the next six months plan to buy it at a "discount department store or other department store." (That's going to be tough, since there's nothing on the shelf; but that's what they intend.)

A third of the purchase-intenders expect to spend less than $500—which in the next six months, means Commodore 64 and the Atari 600XL and 800XL machines.

The time is right for mass merchandisers to approach the Japanese MSX manufacturers. There is a strong demand for home computers under $500, from dependable high-volume vendors, and strong retail distribution is available through the nation's discount department stores and catalog showrooms.

In the meantime, get your software merchandising set for the high-end home market that is developing. IBM probably won't talk to you about selling the PCjr (yet). But, PCjr software will soon be available, and you should be in that market in a big way. Apple and IBM PC software are other categories to invest in, and so are KD computer furniture, accessories and books. They're all high-margin items, and will keep you in the public's mind as a computer materials source.

Take a look at alternative distribution, too. Companies that provide catalogs for mail-order business in your stores, and at least one company with an electronic distribution system are around, and can provide low-cost alternatives to risky software inventory investments.

Doug Stinson is the publisher and editor of The Stinson Report, *a market research newsletter for the microcomputer industry, Schoharie, N.Y. 12157.*

Clarification

A story on the potential for computer break-ins, appearing in the Oct. 10, 1983, issue of *DSN*, should have stated: "Chains such as K mart, Wal-Mart and Hills would be especially vulnerable to remote tampering, according to Korte's definition, because of their many telecommunications links." The original article implied that Richard Korte, of Price Waterhouse, had named those firms.

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Kids' Wear Scores in Poll: P. 31

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Job Lot Trading's Fifth Avenue store creates a bargain atmosphere through the use of pushcarts for displayers, hand-lettered signs and the name of an area in Madrid famous for its flea market.

Garb Buyers Hedge For Easter; Will Stress Twills, Not Frills

By KAREN PAXTON

This year's late Easter is a potential thorn in the apparel side of discounter's spring business.

To avoid being stuck with markdowns on dress-up looks late in April when summer playwear is hot, soft lines merchandise managers are buying lighter for Easter and pumping up more casual spring styles.

In fact merchandisers who saw slow action in traditional frills for holiday '83 have labeled 1984 "a casual year for apparel."

Short-sleeve cotton sweaters in "raw" beige tones or pastels, cotton twill separates in light colors for girls and ladies plus suits in dusty roses and lilacs for ladies are expected to sell well before the end of March.

Girls' dresses are the only dress-up items soft lines execs expect will move well during the final weeks before the April 22 holiday.

Merchandise managers at more fashion-oriented chains made the most dramatic changes in buying strategy this spring. Buys of dress-up looks for Easter were cut by 80% at Ames and by 30% at Gold Circle.

Executives at Zayre, Hills, K mart and Venture agreed that dressy looks are slowing, but made less of a turnaround in their buying strategies for spring.

K mart is buying the same level of Easter merchandise as last year, when Easter occurred three weeks earlier, according to Larry Parkin, vice chairman of K mart Apparel. "But, with Easter so late we will pick up sales earlier, and those sales won't be one item for one occasion," he explained.

By the week before Easter, Parkin expects, the mix in ladies' and children's wear will be about 68% summer items and 32% spring goods. Less than half of those spring items will be dress-up Easter looks.

In apparel, Parkin expects first-quarter sales to be 8% to 10% higher than last year's. Second-quarter apparel sales should reflect gains of 20% to 13%, he added.

At Ames, soft lines vp Steve Silver plans to hold the Easter mix down to 15% of the assortment during spring. He hopes changes in the apparel strategy will win at least a 10% gain in same-store sales of apparel for the first quarter.

The goods he will feature for Easter include separates in cotton twills and lightweight fabrics rather than dresses this

(Continued on page 42)

Closeout-Field Expansion Sparked by Dozen Chains

By ARTHUR MARKOWITZ

[Second of two articles on the growing closeout industry.]

About a dozen public and privately held companies have sparked the growth of closeout, odd lot, surplus and salvage stores into an industry.

Almost all of these companies focus on closeout and surplus merchandise, rather than salvage items, and they account for most of the industry's sales and stores, including the 100-plus new units being projected for this year.

The eclectic nature—and heritage—of the closeout industry are evident from the top chains and their growth plans, including the following:

- New York-based Odd Lot projects the greatest expansion of any company, with 50 to 60 stores planned for this year, including about 20 in a joint venture with the Ohio-based Revco discount drug chain. Odd Lot's 75 current units include 25 in Florida and Michigan jointly operated with Revco, with the latter handling the site selec-

(Continued on page 11)

IN BRIEF

- **K MART WILL EXPAND THE NEW SHADOWS LADIES'** wear line (above) this year according to Larry Parkin, vice chairman of K mart Apparel. Polyester separates geared for a mature or career-oriented woman debuted in the stores for holiday '83. The first offerings included pants, two styles of skirts and a jacket in black plus a white ruffled blouse and two black and white print blouses. Prices ranged from $14 to $20. *(DSN photo)*

- **CURRENT FRED MEYER SHAREHOLDERS WILL BE** the major benefiters of the chain's move to go public. By investing 42% of the $145 million needed to go public, they will walk away with 71% of the approximately six million newly issued shares, according to the latest prospectus.

- **PAY 'N SAVE HAS BEGUN A SIX-MONTH TEST OF THE** new NCR 2126 scanning system in its 30,000-sq.-ft. Seattle University Village store, with planned rollout to 12 more stores by September if results warrant. Of the unit's 19,200 sku's, 60% are scannable.

- **K MART IS MOVING DEEPER INTO HOME IMPROVE-**ment. By year's end, the chain will increase from 43 to 150 the number of home care (combined home improvement and hardware) departments it runs. Also, in the planning stages for late 1984: a chain of freestanding home improvement centers. A former Home Depot executive has been hired to investigate the project.

Digest

Jan. 23, 1984

HOUSEWARES

- **Collectible dolls are scoring** with catalogers, but haven't been added by most discounters. (p. 15)

SPORTING GOODS

- **Buyers on the eve of the** NSGA show envisioned a big year, muscled by strong exercise gear sales. (section, pp. 17-24)

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Widespread Cost Boosts Expected by Toy Buyers

By LARRY CARLAT

Toy buyers won't be surprised to see higher prices and an abundance of licensed goods among thousands of new product introductions at next month's Toy Fair in New York.

Around the country, many chain buyers anticipate manufacturers will take advantage of last year's resounding success and up the initial ante 10% to 20%.

Leading the way is Coleco, the volatile manufacturer of Cabbage Patch Kids, which recently increased the cost of the hard-to-find dolls $4—from $18.50 to $22.50. The 18% hike was effective immediately and applied to all back orders.

Buyers are quick to admit their hands are tied; consumer demand is still at a fever pitch. Many chains are expecting shipment of the product sometime in March.

"I'm banking on Cabbage Patch for the first quarter," said Dale Thomas, buyer for Pamida, "although I don't think their sales will be nearly as dynamic by the end of the year." Pamida experienced the biggest December in the history of the company and Thomas projects at least a 10% sales increase in toys this year.

In contrast, Maloney's buyer, Jim Mules, said the Kentucky-based chain just about broke even and cited the problem of obtaining terms from manufacturers while the chain is struggling through Chapter 11 reorganization.

"We missed out on a tremendous amount of business. The demand was very high and we just never had sufficient product," he said.

But, most buyers saw significant increases and pegged that success on Cabbage Patch Kids; although not in stock, the phenomenon reopened the door to

(Continued on page 34)

Bulova Gets Green Light To Prohibit Transshipping

WASHINGTON—Bulova has been given a green light from Federal antitrusters to resume its past practice of prohibiting "transshipments" of its watches from "authorized" dealers to discount stores and other unapproved retailers.

But in granting the manufacturer's request for "transshipment" relief, the Federal Trade Commission stopped short of approving a broader petition from Bulova which would have eliminated a 12-year-old order preventing the firm from engaging in direct resale price maintenance (RPM) activities.

FTC's original 1971 antitrust order was sparked by a commission complaint charging that Bulova conspired to fix the resale prices of its watches by a variety of means, including prohibiting the transshipment of its products to discounters.

Last August Bulova formally petitioned the FTC to either abolish that order entirely, or suspend the restrictions for 10 years.

The vote to partially grant Bulova's request passed the commission's five-member bench by a narrow, 3-to-2 margin, with all three Reagan Administration FTC appointees agreeing that allowing the manufacturer to block transshipments would be "in the public interest."

Citing the Supreme Court's controversial 1977 ruling that transshipment restrictions aren't automatically illegal, the FTC's majority faction ruled that the watch diversion ban is "no longer necessary to prevent injury to competition in this industry, and that Bulova will likely suffer significant competitive injury unless those provisions are eliminated."

In the next breath, however, the commission's ruling concluded that "Bulova has failed to demonstrate that the remaining provisions of the order" prohibiting outright RPM conspiracies against discounters and consumers "should be modified or set aside."

Specifically, the FTC noted that the manufacturer's petition "doesn't point to changes in law or fact or public interest considerations sufficient to require modifying or deleting those [anti-RPM] provisions."

The Bulova ruling follows a

(Continued on page 4)

A Run For Their Money

Jogging suits for women are now part of the athletic wear selection in Gold Circle's sporting goods department. Header signs on racks aim to attract more ladies into the section.

(DSN photo)

Service Lands K mart's Schmidt

Cataloger Again Fishes In Discounter Exec Pool

NASHVILLE—Cataloger giant Service Merchandise has again reached into the discount store field to fill a key executive position.

The cataloger, No. 2 in the industry, also continues to strengthen its diversification effort by expanding its specialty store arm of computer stores, home centers and lingerie shops.

Its executive move saw the cataloger name Jim Schmidt as its vice president, real estate. Schmidt had been K mart's director of real estate development.

The cataloger late last year named Ted Kazelman to the new post of corporate vp, hard lines. He had been vp, general merchandise manager for Roses.

Last year, the cataloger went outside the showroom field for a president, picking James E. Poole, head of the natural resources group of Gulf & Western, for that post.

Schmidt fills the vacancy created when Jerry Grewe left Service Merchandise to become senior vp of Venture's real estate department.

As for the expansion of Service Merchandise' specialty store arm, the cataloger has opened three more Computer Shoppes to hit eight such units, and also unveiled its third Lingerie Store.

The new computer stores include units in Louisville, Ky., and Chattanooga, Tenn., that sell just business and professional machines, the Computer Shoppe's original thrust.

Knoxville 'Super-Store'

The new Knoxville, Tenn., unit, however, is a "superstore" modeled on the Memphis Computer Shoppe in which there is a section devoted to home and personal computers. The Commodore 64, peripheral equipment and software are on display (as well as some Radio Shack software). The Coleco Adam and Atari 600XL and 800XL units are due to be sold as they become available, a source said.

The new Lingerie Store in Knoxville marks that operation's first expansion from Nashville, site of the original two-store test.

Discounters Increase 5 Key Perks For Execs, But Whittle 3 Others

NEW YORK—The discount store industry has increased five key medical, profit-sharing and other perquisites it awards its executives, while cutting back on three others.

The stores have generally increased their executives' coverage in Employee Stock Ownership Plans (ESOP), long- and short-term disability insurance, nonsalary relocation bonuses and educational grants/scholarships to dependent children of executives, according to a recently released National Mass Retailing Institute (NMRI) study of executive perquisites.

At the same time, the 1983 survey said, discounters have cut back on their executives' medical insurance, performance shares and low-interest loans since 1981.

According to the NMRI, 73% of its retail membership participated in the study. *DSN* has focused on eight key benefits and on how the companies award them to chief executive officers/presidents, top merchandising executives, top regional managers and store managers.

Each category of executive made dramatic gains in ESOPs. In 1983, 22% of the companies awarded these to their ceo's presidents and 19% to all other categories of executives. This contrasts with only 9% of the companies offering this benefit to any executive in 1981.

More companies offered their executives short-term disability insurance coverage. The number rose to 79% from 70% in 1981. The number of companies covering their top merchandising executives rose to 72% from 63%. Discount chains covering their top regional managers rose to 67% from 60% and those insuring their store managers to 78% from 72%.

Long-term disability insurance likewise rose across the board, as 84% of discount chains picked up their chief executives' bills last year, while only 70% did in 1981. Companies awarding this perquisite to top merchandising executives also rose, to 78% from 67%, while regional managers were insured by 72% of the discounters against 60% in 1981. Companies gave their store managers the single biggest gain in this category, with 75% of them insuring them vs. 58% two years before.

(Continued on page 33)

'It Happened This Month' Quiz

Win $100 Every Month

DSN Kicks Off '84 Reader Contest

NEW YORK—"It Happened This Month," a new *DSN* contest for its readers, will offer $100 a month to a lucky nostalgia maven.

Each month readers will be asked a question based on a story that appeared in *DSN* that same month, one or more years ago.

Answers to the quiz will be hidden somewhere in the pages of the same issue, so that all observant readers of *DSN* have an equal chance to win.

Entries for each quiz must be received no later than two weeks after the issue date.

Send your answer on the quiz form to Contest Editor, *Discount Store News*, 425 Park Ave., New York, N.Y. 10022.

Chains headed by these two executives made news in *DSN* last January when each retailer firmed up plans to enter Washington and Baltimore with multiunit store clusters. Who are they and what chains do they head?

It Happened This Month

Quiz 1

Answer:_____

Name:_____

Co./Store_____

Address:_____

State:_____

Zip_____

Prize: $100. One winner will be selected at random from all correct entries received.

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Vol. 23, No. 2 Jan. 23, 1984

APPAREL

Discountland Apparel

Kids' Wear Is Shopped The Most

NEW YORK—Children's wear is the apparel category consumers shop most at discount stores.

Ladies' wear is a close second, followed by men's wear, according to a survey of consumer buying intentions conducted for *Discount Store News* by Leo J. Shapiro & Associates during the last two months of 1983.

Slightly over 5% of the discount store shoppers polled said they were in the market for children's wear during a typical visit to a discount store. That is the only apparel category where the percentage of consumer responses equaled those given by off-price apparel shoppers.

Ladies' wear received almost as many responses as children's wear from discount store consumers. Just under 5% of the shoppers say they would buy or look at ladies' wear in the department during a typical store visit.

Men's wear was cited by about 4% of the discount store shoppers as a department they would be likely to shop.

Including shoes, named by 2% of those polled, about 32% of the discount store shoppers said they were looking for an apparel item during a visit to a discount store.

A Closer Look

The typical K mart shopper is even more of a ladies' wear shopper than consumers who shop traditional discount stores as a whole (including K mart).

Of those who shop K mart, 21% shop the chain for ladies' wear vs. 16% of those who shop traditional discounters.

K mart is also ahead of the total for traditional discounters in children's wear but is behind in men's wear. Six per cent of those who shop K mart look for children's wear at the discount chain, while 5.5% of the shoppers at traditional discount chains named the category. Men's wear was named by only 2% of the K mart customers, compared to 4% of the total number of traditional discount shoppers.

While consumers shop for children's wear and ladies' wear in the discount stores, shoppers in off-price stores are looking for men's wear most often.

Among off-price shoppers, men's wear was mentioned as a likely department to shop by 29%; 20% cited ladies' wear, and 5% named children's wear.

In men's wear, 15% of off-price shoppers polled said they were in the market for shirts or sweaters, followed by suits with 6%.

Among those shopping for ladies' wear at off-price stores, 10% were looking for blouses or tops, 5% for dresses and 4% for skirts. Ladies' suits were only shopped for by 2% of the off-price shoppers. At other outlets ladies' suits weren't mentioned at all.

Factory outlets received the strongest consumer responses in ladies' wear and shoes, with 16% of the shoppers mentioning each department. Men's wear was the third most popular department, cited by 12% of the factory outlet shoppers.

What items shoppers are most apt to buy or look for at three types of stores

Item	Discount Store	Off-price Store	Factory Outlet
Ladies' wear	5%	20%	16%
Blouses/tops	2	10	6
Dresses	1	5	4
Lingerie/underwear	1	1	2
Accessories	1	3	4
Skirts	*	4	*
Suits	*	2	*
Other ladies' wear	*	2	*
Men's wear	4	29	12
Shirts/sweaters	1	15	3
Slacks/pants	1	4	3
Accessories	1	2	2
Suits	*	6	3
Other men's wear	*	2	*
Children's wear	5	5	2
Shoes	2	1	16
Jeans	1	6	6
Jacket/coat	*	5	6
Any clothing[a]	15	31	13
Domestics	3	2	2

**Response was less than 0.5%.*
[a]Respondents who said clothing but didn't mention any item.
Source: Survey was conducted in November and December 1983 by Leo. J. Shapiro & Associates

The brightest spot in apparel for discounters is children's wear. Over 5% of discount shoppers polled named the category as an apparel department they shop at a discount store. *(DSN photo)*

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Percentage of Chains Offering Perks

Perquisite	To CEO's Presidents	To Top Merchandising Execs	To Top Regional Mgrs.	To Store Mgrs.
Company-paid medical coverage	90%	57%	51%	58%
Short-term disability/ wage continuation	79	72	67	78
Long-term disability insurance	84	78	72	75
Low-interest loans	2	3	2	2
Performance shares	10	3	5	0
Employee stock ownership plans (ESOPs)	22	19	19	19
Nonsalary relocation bonuses	21	16	18	22
Educational grants/scholarships to dependent children of execs.	2	12	12	12

Source: NMRI

Perks

(Continued from page 2)

The discount store industry, as a whole, seemed committed to facilitating relocation of its executives, as nonsalary relocation bonuses also improved across the board. In 1983, 21% of companies surveyed gave their ceo's/presidents bonuses for relocating while only 12% did in 1981. Companies awarding these bonuses to their top merchandising executives rose to 16% from 9% in the same period. In addition, 18% and 22% of companies awarded relocation bonuses to their regional and store managers, respectively, vs. 9% for each in 1981.

Kids of CEOs Lose Out

Excepting the dependent children of ceo's/presidents, companies granted the children of discount executives more company-paid scholarship/ grant money in 1983. Only 2% of the companies assisted the children of their chief executives this time, while 12% did so in 1981.

In direct contrast to the company-paid scholarship/grant trend, companies providing medical insurance have dropped for all executives but the ceo's/presidents. That number has increased to 90% from 84%.

Discount chains covering the medical insurance of their top merchandising executive dropped from 58% to 57% in the 1983 survey, and the number of firms covering their store managers fell to 58% from 60% in 1981. The stores apparently made their regional managers take the greatest loss in this category as their number dropped to 50% in 1983 from 56% in 1981.

Regional Managers Gain

At the same time, regional managers gained in performance shares, while other categories of executives lost. With 5% of the chains awarding them, they gained three percentage points from 1981. Only 10% of the firms gave this award to their top executives in 1983, while 12% did in 1981. Performance shares decreased at the same rate for top merchandising executives who now receive this benefit from 2% of the companies, and for store managers, who now don't get them anywhere.

In keeping with economic changes over the past few years that have caused bank interest rates to rise, fewer companies are now granting their executives low-interest loans.

Only 2%, 3% and 2% of them granted them to their chief executives, top merchandising executives and store managers, respectively, in 1983, while 7% awarded them to all three in 1981. Only 2% of the firms granted them to their top regional managers in 1983 while 5% did in 1981.

Acquired For $70 Million

Pay 'n Save Plans to Expand Schuck's

NEW YORK—On the heels of its acquisition of the 58-store Schuck's Auto Supply chain, Pay 'n Save is planning to expand the specialty discounter into the nine Western states where it currently has other outlets.

"Our expansion is going to start after this month [January], but we have no firm plans as of yet," said Cal Hendricks, vice chairman of the 257-store Pay 'n Save.

Pay 'n Save recently bought Schuck's, which operates in Washington, Oregon and Idaho, for $70 million of Pay 'n Save's common stock.

At the same time, Pay 'n Save is expecting to use Schuck's automotive merchandising expertise to help boost its chain store automotive departments, according to Hendricks.

"We're going to keep the operations separate, but we're looking to Schuck's merchandising expertise," said Hendricks. Pay 'n Save has automotive departments in its Pay 'n Save Stores, Ernst Home Centers and Lamont's apparel stores.

Pay 'n Save is also seeking to achieve a greater presence in the field of DIY automotive product lines, which include such items as tune-up kits, according to Hendricks. The purchase of Schuck's falls neatly into those plans.

For the first 40 weeks of its current fiscal year, which ends Jan. 31, Schuck's had unaudited pretax earnings of $4.6 million on sales of $45.7 million.

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See Pages 35-58

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Big White Sale Flap: Buyers Order Earlier To Unsnarl Deliveries

Nationwide DSN Report

Horrendous domestic sheet delivery problems have forced discounters to dramatically change their midyear white sale buying plans.

Discounters—including K mart, Jamesway, Murphy's Mart, Fishers Big Wheel, Rose's and ALCO—reported delivery delays of up to three months severely affected their in-stock positions in all sheet styles during their post-holiday white sales.

To combat the problem, most domestics buyers are now ordering at least six months out, compared to the traditional four months. Planning a pricing strategy for the competitive white sale period has, therefore, become even more difficult and so has the challenge of knowing how aggressively to order, the merchants agreed.

In addition, some discounters have voiced the complaint that the onus of the linen business is falling entirely upon their shoulders as they must now absorb the cost of storing inventory, which can conceivably arrive in their warehouses a month too soon because of early ordering.

A mega-chain like K mart and a midsized company like Jamesway are reacting similarly to increase their leverage within the marketplace.

They are both increasing the number of mills they deal with, particularly in sheets.

For spring, K mart senior buyer Marilyn Gill is increasing the chain's number of percale producers from just one—J. P. Stevens—to three. She is also expanding her (solid color) muslin sheet program, for which Stevens has been the sole supplier, to three manufacturers. She reported K mart's most serious delivery setbacks were from J. P. Stevens.

"This experience has opened our eyes to the need to increase the number of mills we deal with," echoed Joe Ettore, general merchandise manager, vice president of soft lines for Jamesway. He plans to add one or two more sheet-makers to his lineup to give him "more flexibility in the market."

"By having four or five mills with us instead of one or two, we can make adjustments more quickly if one mill is shipping late," he explained.

While the chain's white sale business wasn't seriously affected by the delays, he reported anxiety levels ran high as his staff spent the three weeks prior to the white sale ad "yelling and screaming" to track down orders.

A spokesman from a major sheet mill acknowledged the supply problem, pegging it to the sudden upsurge in the home furnishings and domestics businesses for which the mills simply couldn't react rapidly enough.

"The pipelines can't be filled as quickly as the retailers would like us to fill them," he stated.

(Continued on page 78)

Customers entering Garment Rack—K mart's newest off-price store—find dump tables and piperacks. Shoppers can pay by check or with credit cards; no returns are accepted. *(DSN photo)*

K mart Launches Garment Rack, Off-price Chain For 'Blue Collars'

By KAREN PAXTON

TROY, Mich.—K mart has adopted a two-pronged approach to the off-price apparel business: its year-old Designer Depot to serve white-collar consumers and its newly launched Garment Rack targeted at blue-collar shoppers.

The plan also marks one of the few times any retail company has offered two versions of an off-price family apparel store featuring ladies' wear, men's wear, children's clothing and shoes.

"We are aiming to have a store to fit every demographic profile in the United States," explained Glen Shanks, director of the discount company's off-price division. "Designer Depot covers the well-educated, white-collar worker. With Garment Rack we're going after the less sophisticated shopper who is also looking for quality."

Garment Rack

The marketing plan for the newly hatched Garment Rack—the first store opened here in December—calls for the fledgling chain to follow the Designer Depot into selected markets

Operating as a part of K mart's Designer Depot division, Garment Rack stores will serve, in part, as a closeout outlet for Designer Depot's end-of-season markdowns. But, Shanks pointed out that appropriate goods could also be transferred to Garment Rack stores before markdowns.

Merchandise for both chains will continue to be bought by the division's own New Jersey-based buying staff, which works closely with an independent buying service—Fashion House in New York.

(Continued on page 94)

Digest

Feb. 6, 1984

HARDWARE

- **The Winter Hardware Show** may be a regional event. (p. 23)

TOYS

- **The big question in buyers'** minds: how to top a terrific 1983. (Toy Fair Supplement, pp. 35-58)

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Asking Price Too High

TSS Withdraws Its 1st Public Offering

NEW YORK—TSS-Seedman's has withdrawn its offer to sell 1.2 million shares in a move to become a publicly held company.

Its stock failed to attract investors at its proposed $17 to $19 price.

President Campo Arevalo said "market conditions weren't proper [for the company] to go ahead with the offer. We managed to carry out expansion with our own funds and didn't need outside capital, which was the reason for the offering."

The company, however, was interested in going public in a big way last fall when the preliminary prospectus for the offer was issued (see *DSN*, Sept. 5, 1983, p. 1). Rather than be traded over the counter, TSS-Seedman's, shortly after that filing, applied to the American Stock exchange for listing and later received approval on an "when issued" basis, according to documents filed with the Securities and Exchange Commission.

The underwriters were reportedly able to attract investors only at $12 a share, rather than the amount the company wanted, sources indicated.

TSS-Seedman, according to the preliminary prospectus, in July 1983 purchased 330,012 shares from Harold R. Dietz, vice chairman, for $2.2 million (the approximate book value) or approximately $6.67 a share. Earlier in 1983 Dietz sold 7,476 shares to the company's employee stock ownership trust for $50,000 or $6.69 a share.

(Continued on page 94)

IN BRIEF

- **J. W. MAYS EXECUTIVES ARE DUE TO APPEAR IN FED**eral Bankruptcy Court in New York this week over Dutchess Mall Association's claim for $4.8 million against the discounter for the closing of Mays' Fishkill, N.Y., store. That claim has held up creditors' approval of Mays' Chapter 11 plan.

- **GEMCO HAS SHUTTERED ITS SIX TEXAS STORES;** five were in Houston, the sixth in Beaumont. "We closed the stores because they weren't profitable by the standards we require," a company spokesman said. "It would have taken a substantial investment to become a market presence." Those closings, plus the shuttering of its East Coast Memco division a year ago, leaves the California-based discounter with only 10 stores—six in Arizona and four in Nevada—outside its home state.

  Wal-Mart has picked up four of the Texas locations. Two units, one on Gulf Freeway and the other on Highway 75 in Houston, are going to the chain's Sam's Wholesale Club division. The openings are slated for late May.

  The two remaining Gemco stores went to a local grocery store chain, Fiesta Markets.

- **FACTORY OUTLET STORES BUILT THEIR CUSTOMER** base in 1983: A nationally projectable *DSN* study (see p. 14) revealed the number of shoppers going to factory outlet stores was 7% higher (to 27%) in the fourth quarter of 1983 than at the beginning of the year. The shopper base declined for discounters: 79% said they shopped discount department stores in the last quarter, compared to 83% in the first quarter.

Consumers Still Prefer Discounters For Hard Goods

NEW YORK—Despite soft lines market inroads by off-price apparel retailers and upscaling discounters, consumers still favor discount retailers for hard goods rather than soft goods products.

The quarterly consumer buying survey just completed for *Discount Store News* by Leo J. Shapiro & Associates, Chicago, showed that consumers continue to prefer general merchandise and specialty discounters for nonfashion hard goods items and selected soft goods items—with price the determining factor—on a shopping list of 30 items.

If need this item, would go to a discount store*.

Bathroom scale	46%
Teakettle	46
Barbecue grill	43
Extension cord	39
Personal portable stereo	37
Video game cartridge	36
Shower curtain	36
Garden hose	33
35mm camera	30
Film	29
Shampoo	28
Electronic bug killer	27
Lawn fertilizer	26
Women's nightgown	25
Video cassette recorder	24
Electric drill	23
Telephone	21
Men's underwear	21
Men's short-sleeve knit shirt	20
Women's ski jacket	17
Home computer	16
Cold medicine	16
Running shoes	14
Men's sweater	14
Women's designer jeans	13
Men's corduroy slacks	13
Computer software	12
Color TV	11
Bottled soda pop	4

*Includes discount department store, off-price and specialty store. Source: Leo J. Shapiro & Associates.

Consumers reported they would be most likely, for example, to shop a discounter for a bathroom scale (46% of those polled), a teakettle (46%) and a barbecue grill (43%) than for men's short-sleeve knit shirts, (20%), men's sweaters (14%), or women's designer jeans (13%).

(The Shapiro organization polled by telephone almost 1,000 people across the country in an early week of December.)

Interestingly, however, the off-pricers didn't have the drawing power in soft lines that might have been anticipated. They fared much better—got more consumer mentions as an alternative place to shop—on hard lines items.

For example: While only 20% of those polled said they would buy a man's short-sleeve knit shirt from discounters, only 10% of this small group said they would buy the item from an off-pricer.

Similarly, of the 25% who said they would buy a woman's nightgown at a discount operation, only 12% said they would purchase a nightgown at an off-price apparel store.

On the hard lines side, consumers indicated they would be more apt to make certain purchases at a specialty retailer—but those decisions didn't always reflect the broader assortments or service capabilities specialty operators can offer shoppers.

For example: Two-thirds of the shoppers (16%) polled who said they would buy a home computer from a discounter indicated it was at a specialty discounter (or low-margin operator like Radio Shack) where they would shop.

The same was true of computer software purchases: Two-thirds of the group (12% of those polled) said they would be most apt to buy this category at a specialty retailer.

Do you know a place to buy a ____ for less?

	DISCOUNT SHOPPER					NONDISCOUNT STORE SHOPPER				
			WHERE					WHERE		
Item	No	Yes	Discount Dept. Store	Other Discounters	All Others	No	Yes	Discount Dept. Store	Other Discounters	All Others
Telephone	72%	28%	14%	7%	7%	61%	39%	12%	9%	18%
Bath Scale	77	23	13	4	6	55	45	33	6	6
BBQ Grill	83	17	7	4	6	58	42	29	3	10
35mm Camera	82	18	11	3	4	63	37	17	8	12
Personal Portable Stereo	78	22	13	4	5	72	28	14	4	10
Electronic Bug Killer	80	20	12	4	4	78	22	11	5	6
Shampoo	84	16	8	—	8	71	29	16	—	13
Teakettle	84	16	10	3	3	70	30	19	3	8
Electric Drill	79	21	11	3	7	73	27	16	2	9
Extension Cord	85	15	11	—	4	72	28	17	1	10
Video Game Cartridge	83	17	12	1	4	78	22	9	3	10
Lawn Fertilizer	97	3	2	—	1	84	16	6	—	10
Color TV	91	9	2	—	7	73	27	9	2	16
Running Shoes	96	4	2	—	2	66	34	17	—	17
Computer Software	77	23	10	1	12	86	14	3	2	9
Everyday Dishes	85	15	7	1	7	75	25	17	1	7
VCR	78	22	11	2	9	77	23	8	3	12
Soda Pop	100	—	—	—	—	83	17	2	—	15
Home Computer	83	17	9	3	5	85	15	2	3	10
Garden Hose	97	3	2	—	1	75	25	17	—	8
Film	95	5	1	—	4	81	19	10	3	9
Cold Medicine	97	3	2	—	1	86	14	5	—	9
Men's Coduroy Slacks*	92	8	8	—	—	71	29	16	1	12
Men's Underwear*	95	5	5	—	—	77	23	13	—	10
Men's Sweaters*	82	18	15	—	3	60	40	21	1	18
Men's Short Sleeve Knit Shirt*	85	15	13	2	—	62	38	19	1	19
Women's Designer Jeans	82	18	18	—	—	68	32	10	3	19
Women's Nightgown	77	23	22	—	1	53	47	27	1	19
Women's Ski Jacket	98	2	—	—	2	65	35	19	2	14
Shower Curtains	93	7	4	—	3	80	20	14	—	6

*Male Respondents Only

Source: Leo J. Shapiro & Associates

Key to reading this chart: For example, on first line, 72% of those shopping a discounter for a telephone said they couldn't name another place to buy the item for less; 28% said they could. Of this second group, 14% named a discount department store, 7% another discounter (cataloger or specialty discounter) and 7% named another resource.

Specialty retailers also received a large share of the mentions in video cassette recorders, personal portable stereos and telephones.

Nearly half of the group (24% of those polled) looking for VCR's at a discounter said they would prefer to make their purchase at a specialty operator; a third said they would look for personal portable stereos at a specialty vs. a full-line discount store retailer, and a fourth of those shopping for telephones said a specialty store would be their first resource.

These figures are consistent with customer buying preferences reported in an earlier *DSN* study. (See *DSN*, July 25.)

Off-pricers also failed to make significant gains on overall consumer purchases over the course of the last year.

HOT TIP ON NEW STOCK:

The Union Wadding line of Christmas Trimmings features fresh packaging and new items, all ready to boost your sales volume in '84! Take a tip and call or write for our catalog today.

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SNOW-TEX with Silver Dust
(Drape, and Tree Skirt, in Cotton's glittering new look.)

Critter Sitters/Angel Babes/Finchleys
(Our hot-selling Tree Ornaments in assorted characters.)

UNION WADDING COMPANY
Serving The Industry Since 1771
P.O. Box 909, Pawtucket, R.I. 02862 (401) 725-3500

If you needed to buy a ____ where would you go?

Item	Discounter	Specialty Discounter	Cataloger	Sears	Other	Don't know
Teakettle	43%	—	3%	6%	29%	19%
Extension Cord	38	*	1	9	37	15
BBQ Grill	37	—	6	12	26	19
Bathroom Scale	36	—	10	13	27	14
Shower Curtain	36	—	—	13	35	16
Everyday Dishes	33	*	3	8	34	22
Garden Hose	33	—	—	12	42	13
Film	28	—	1	1	56	14
Shampoo	28	—	—	1	64	7
Video Game Cartridge	26	6%	4	6	18	40
Lawn Fertilizer	26	—	—	3	47	24
Electronic Bug Killer	22	*	5	10	26	37
Women's Nightgown	22	3	—	13	54	8
Men's Underwear**	21	—	—	19	38	22
Electric Drill	20	—	3	26	32	19
Personal Portable Stereo	18	11	8	8	28	27
35mm Camera	18	2	10	7	38	25
Men's Short-Sleeve Knit Shirt**	18	2	—	10	56	14
Cold Medicine	16	—	—	—	75	9
Women's Ski Jacket	16	—	—	15	43	26
Running Shoes	14	—	—	6	55	25
Men's Sweater**	13	1	—	10	65	11
Telephone	12	5	4	5	59	15
VCR	12	10	2	8	31	37
Men's Corduroy Slacks**	11	1	—	16	52	20
Women's Designer Jeans	9	4	—	6	56	25
Color TV	9	*	2	14	59	16
Soda Pop	4	—	—	—	85	11
Home Computer	3	11	2	5	27	52
Computer Software	2	8	2	3	26	59

*Response was less than 0.5%. **Male respondents only

Source: Leo J. Shapiro & Associates

CONSUMER ELECTRONICS

Sales of Blank Audio and Video Tapes Keep Climbing

Nationwide DSN Report

Discounters' sales of blank audio and video tapes are expected to climb to new highs in 1984—driven on the strength of portable and home audio cassette units combined with an estimated 10% installed base for VCR's.

Buyers have almost come to take the categories for granted, expecting high productivity with relatively little effort. Margins were pegged as high as 33% for audio tapes and 15% for video tapes, according to many buyers. And, while discounters don't necessarily "own" the business, various industry data have indicated they hold a market share of at least 25%—making the chains a dominant force in the categories.

That number becomes even more significant when the large number of other retail classes are taken into account, including CE specialty stores, department stores, drug stores and supermarkets.

In addition to the hardware sales, the discounters' edge has been derived from:

- Aggressive pricing, promotions and advertising.
- A continuing trade-up in tape quality as manufacturers' prices have fallen. This has been especially true for audio tape.
- A change in the identified customer base for tape from male specialty store shoppers to female general merchandise shoppers.

Successful Switch

In a strange twist, however, the chains' audio tape pricing was said to be frequently on the high side. "Supermarkets and convenience stores have chosen to make it a loss leader," said one supplier, "whereas the discounters have been dogged about holding their margins."

Despite that, sales have continued to climb with many buyers projecting major gains.

"Our tape sales have gone through the roof. We expect to double our sales this year," said Jerry Fine, dmm, Ames. "What's even better is that we don't see an end in sight, especially in video tape, as [hardware] prices get driven down and companies like Samsung get into it."

Blank Video Cassette Sales

Year	Unit Sales to Dealers (Thousands)	Factory Sales (million $)
1982	24,700	280
1983*	57,000	485
1984*	77,000	590

*Projected.
Source: Consumer Electronics U.S. Sales by Product Category, *Electronic Industries Association, Consumer Electronics Group, January 1984.*

While there has been a continued trade-up in audio tape, Fine said that the more expensive video tape has been steadily price-driven with little brand loyalty. He estimated that the trend would continue for the foreseeable future.

But, true maturity for video tape will come as the result of new hardware technologies, such as the 8mm systems recently introduced, according to T.G. & Y. senior buyer Dan Martinez.

"People are beginning to realize that the way their fathers show super 8 movies, they can shoot video tape," he said. "Home movies will go through a whole resurgence, especially with the smaller cameras coming out."

On the audio tape side, Martinez said, the steady growth of portable and personal stereos—as a permanent fixture in the CE landscape—combined with constant improvements in noise reduction systems have strongly aided cassette sales.

Although tape volume has accounted for only a small portion of the department's sales, it has become recognized as an important contributor to its overall profitability, he said.

"It's just a good, easy and profitable category," said ALCO's buyer Dick Millner.

Overall tape sales at the chain increased 19% from November 1982 to the same month in 1983. Similar results have been projected for this year, he said. The most significant growth spurt for audio tape came following the demise of 8-track tapes as the dominant recording format.

Blank Audio Cassette Sales

Year	Unit Sales to Dealers (Thousands)	Factory Sales (million $)
1981	201,439	242
1982	186,447	219
1983*	215,000	230
1984*	225,000	240

*Projected.
Source: Consumer Electronics U.S. Sales by Product Category, *Electronic Industries Association, Consumer Electronics Group, January 1984.*

Sales of video tapes have been increasing steadily since they first made their appearance at the chain about one-and-a-half years ago. Though specific figures were unavailable, Millner said he's noticed significant increases in his monthly and weekly store orders.

Margins for audio tape, he said, have remained in the 30%—50% range, depending on the manufacturer.

Packaging has also played an important part in driving the market, according to Bob Gunn, merchandise manager at Gaylords. Sales of 3-packs have been strong as have those of premium tapes, when tied to manufacturers' promotions, he said.

Beyond that, Gunn said his chain has committed to feature blank tapes in all of its ads for the first half.

Although most buyers believed that price will continue to be the central force in tape sales, a number of manufacturers introduced consumer promotions at the Winter Consumer Electronics Show in Las Vegas that included incentives such as rebates, prizes and travel bonuses designed to shift that focus toward a stronger value and brand orientation.

Conference to View Zayre, Marshalls Distribution Centers

WASHINGTON—AGMC's Physical Distribution Conference, March 18-20, at Boston's Parker House Hotel, will include tours of the Zayre and the Marshalls distribution centers in the Boston area.

These highly automated facilities are equipped with sophisticated systems such as optical scanning.

Another highlight of the conference will be a presentation by Joe Thomas, vice president of distribution for K mart, and a representative of Protection Mutual Insurance. They will discuss fire and disaster control and relate it to K mart's experience with the burning of one of its warehouses.

Registrants will also have an opportunity to acquaint themselves with state-of-the-art technologies and the latest services available within the industry, as AGMC is including a limited number of exhibit tables at the program. Leading industry suppliers will display their goods and services.

Now from Timex...a powerful new computer.

72K LOR SOUND UNDER $200*

Timex introduces a second generation of home computers designed with one purpose in mind: to be useful.

With 72K on-board memory, it's powerful enough to solve more problems in your home. Entertain you with brilliant color graphics and 8-octave sound.

Plus do word processing in addition to spread-sheet functions.

And while it does more, it does it with even greater simplicity.

Its one-touch keyboard means you don't have to know typing. New Timex Command Cartridges can be used without any knowledge of programming.

Finally. A home computer you can really use in your home: the Timex Sinclair 2068.

72K on-board memory. More memory than any computer in its class. And more memory means you can do more.

8-octave sound. Can be used to create four sounds simultaneously over a wide frequency range.

Unique one-touch entry. Requires no typing skills, makes programming easier to learn.

Word processing capability. This program provides a 64-character wide screen when used with a video monitor. An 80-column printer that provides hard copy will be available early 1984.

Sleek new compact design. Fits easily on any desk or table.

Raised typewriter keyboard. With full-travel keys is based on world's most popular electronic keyboard design.

Timex Command Cartridges. Provide faster, easier program loading; take up less space.

TIMEX SINCLAIR 2068

To purchase the Timex Sinclair 2068 computer see your local dealer, or call 1-800-24-T-I-M-E-X.

HARDWARE

PRODUCT MOVEMENT AUDIT

Lower-price Locksets in Sales Surge

By ARNOLD REINHARD
General sales manager, Schreiber and Co.

LITITZ, Pa.—Consumer demand for lower priced locksets, a wider assortment of power tools and higher grades of hand tools are expected to help increase discount store hardware sales this year. So will improved promotion of electrical and plumbing goods.

In a PMA for last November, we also perceived a demand for a wider assortment of power sanders and routers, in addition to the Black & Decker Dustbuster, whose sales skyrocketed during the audit.

Also, imported hand tools—long a low-end mainstay—are losing out in favor of higher-priced, better-quality tools.

Sales of electrical goods, which have recently been promoted more than in the past, are expected to grow 15% to 20% in 1984.

In security hardware, imported locksets like the Harlocks are expected to do well in 1984, as evidenced by the fact that in November orders for the T-700 US3 Entry Module outpaced its nearest competitor by almost three to one. Retailing at an average of $9.84, it registered total movement of $15,451.94. The No. 2 lockset, the Harlock UR 700-M-DL US3 Entry, sold 442 units for a total of $5,810.53.

In power tools we expect a 10%-15% sales growth. The runaway best seller most recently, was the Black & Decker 9330 Dustbuster, with $79,562.50 worth ordered. It was

(Continued on page 28)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
HARDWARE				
1	USM 203 Glue Gun	132	11.10	1,465.20
2	USM K110 Pop Rivetool	132	9.84	1,298.88
3	Ferum #500 10x12 Shelf Bracket	1,368	0.86	1,169.64
4	Wesl 810B Coat Hook Brass	910	1.16	1,051.05
5	USM S-42 Rivets Steel Sh	800	1.17	936.00
6	USM 220 All Purpose Glue	413	2.15	885.89
7	Ferm #500 8x10 Shelf Bracket	1,554	0.54	839.16
8	USM S-44 Rivets Steel MD	660	1.17	772.20
9	WESL 850B Window Lock Brass	655	1.16	756.53
10	3M IIOP Mounting Tapes	504	1.44	725.76
11	USM CD4SD Molly Fastener	728	0.98	709.80
12	USM K104 Rivetool	108	6.54	706.32
13	Jordan 10122J Plastic Anchor	770	0.83	635.25
14	USM CD4S Molly Fastener	880	0.72	633.60
15	CD4SLD Molly Fastener	580	1.05	609.00
POWER TOOLS				
1	B&D 9330 Dustbuster	2,500	31.82	79,562.50
2	B&D 7308 7¼" Saw	493	36.71	18,099.26
3	B&D 7404 Sander	246	26.81	6,595.88
4	B&D 7104 ⅜" Drill	292	20.40	5,956.80
5	B&D 9333 Dustbuster Puls	125	41.30	5,162.50
6	B&D 7504 Jig Saw	272	18.00	4,896.00
7	B&D 79032 Workmate	76	90.86	4,762.16
8	B&D ⅜" Drill Vise	101	40.06	4,046.31
9	B&D 9419 8" Table Saw	34	116.63	3,965.25
10	B&D 7613 1 Horsepower Router	70	50.76	3,553.38
11	B&D 7391 7¼" Circular Saw	61	50.76	3,096.51
12	B&D 7530 2-speed Jigsaw	114	27.00	3,078.00
13	B&D 9360 Spotlighter	92	30.49	2,805.02
14	B&D 7436 Sander	59	46.94	2,769.25
15	B&D 9020 Cordless Drill	59	45.82	2,703.38

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
POWER TOOL ACCESSORIES				
1	B&D 73-300 3 in 1 Blade	980	7.41	7,261.31
2	B&D 71-013 13-piece Bit Set	300	10.32	3,097.20
3	B&D 73-369 7¼" Carbide	195	8.37	1,631.47
4	B&D 71-120 Hole Saw Asst	145	9.18	1,130.88
5	B&D 70-404 ⅛" Drill Bit	798	1.33	1,064.53
6	B&D 71-005 5-piece Drill Set	130	3.99	917.13
7	B&D 71-056 Bit Bank	183	4.74	867.69
8	B&D 71-007 7-piece Drill Set	156	5.54	864.08
9	B&D 71-010 10-piece Bit	112	7.50	839.61
10	B&D U1337 Dial a Blade	150	5.38	806.93
11	B&D U2499 Router Bits	71	11.02	782.42
12	B&D 73-237 7" Mason Blade	295	2.41	710.07
13	B&D 72-005 Safety Goggle	260	2.70	701.22
14	B&D 73-365 7¼" Carbide	110	6.37	700.21
15	B&D 73-007 Combination Blade 7¼"	255	2.67	680.34
HAND TOOLS				
1	Stanley 33-425 25' Tape Rule	825	12.20	10,068.30
2	Stanley 51-518 16-oz Hammer	870	10.79	9,387.30
3	Stanley 10-099 Retractable Knife	2,070	3.21	6,644.70
4	Stanley 55-515 Wonder Bar	892	6.93	6,181.36
5	Stanley 30-516 16' Tape Rule	868	6.97	6,046.49
6	Stanley 33-212 12' Power Rule	889	6.62	5,880.74
7	Stanley 51-110 16-oz Hammer	352	10.76	3,787.34
8	Stanley 15-526 26" 8 Handsaw	304	11.49	3,492.50
9	Stanley 21-399 Surform File	987	3.14	3,104.61
10	Stanley 11-921 Heavy Duty Blade	2,520	1.22	3,061.80
11	Stanley 15-210 Mini-Hacksaw	978	3.09	3,023.49
12	Stanley 68-233 Screwdriver	299	9.71	2,902.24
13	Stanley 42-224 Level 524B	352	7.87	2,770.41
14	Petersen 5WR Vise Grip 5"	418	6.45	2,697.35
15	Stanley 59-800 6 lb Maul	160	16.19	2,589.84

(Continued on page 28)

Murphy's Business Up 14.7% in Dec.

McKEESPORT, Pa.—G. C. Murphy Company's sales of $152,294,000 for the five weeks ended Dec. 29, 1983, were up $19,465,000, or 14.7% higher than for the corresponding period a year earlier, president and chief executive officer Charles H. Lytle reported.

Sales of $822,352,000 for the 48-week period ended Dec. 29, 1983, were up $45,306,000, or 5.8% higher than for the same period in 1982.

December sales were generated from 406 stores in 1983 compared with 423 in 1982. Of the total number of stores, 118 were Murphy's Marts in 1983 compared with 111 in 1982, and 288 were conventional and other stores compared with 312 the previous year.

INVEST IN A COMPANY WITH A LONG LINE OF SUCCESSES.

The Bostik Consumer Division of Emhart. Our reputation has been built on success stories. The Thermogrip® brand Hot Glue Gun, POP® brand Rivetool and Molly® brand Fasteners to name a few, have brought us world-wide recognition as the creator of top quality adhesive and fastening products that sell.

Our Success™ line is no exception.

DOUBLE BONDING SUCCESS—With its unique double bonding action, it glues almost anything, even oily metals, in 60 seconds. And sells just about as fast.

INSTANT SUCCESS—One drop of this super-glue is all it takes to put together metals, china, rubber and most plastics. In your store and in their homes, it lives up to its name.

SUCCESS II—Another super-glue for the toughest home repair jobs on almost any surface—even wood and leather. An economy size for convenience and self-puncturing for safety.

SUCCESS SILICONE SEALANTS—For a tough, waterproof seal, give them Success Silicone Sealants. They're packaged in unique injectors for total product usage. No mess, no waste. Available in black, white and clear.

SUCCESS HOUSEHOLD ADHESIVES—Fast Set Epoxy. Contact Cement. Heavy Duty Cement. Household Cement. Vinyl and Steel Repair. These six most heavily used adhesives make Success a household word.

BLU-TACK REUSABLE ADHESIVE—This alternative to tacks, pins and tape can be used again and again. It's one stationery object that moves fast.

PLANT-TACK—Our latest reusable adhesive lets plant lovers anchor water plants, arrange hard-to-manage plants without stakes or ties and create unique floral displays.

There are plenty of reasons for our continued success.

We provide bright, bold packaging and merchandising displays that are both eye-catching and informative. Plus a colorful new Success™ Adhesives Gluing Guide display to help consumers pick the right glue for the right job. Our special co-op advertising programs and tie-in promotions also help stir up sales.

And we're never satisfied. We're constantly developing and testing new products. Success Silicones, Household Cements and Success II are recent examples of this commitment. And there are more on the way in 1984.

Contact your local Bostik Consumer Division representative or call (215) 921-2791. And benefit from our successes.

Bostik
CONSUMER DIVISION
Reading, PA 19605 EMHART

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HARDWARE

PRODUCT MOVEMENT AUDIT

Locksets

(Continued from page 27)

also the biggest mover in our whole hardware department. The second greatest mover in hardware was the Black & Decker 7308 7¼-in. Saw, which sold for an average of $36.72 and posted total orders of $18,099.26.

We'll be offering a greater range of sanders and routers on promotion. Now that people have their basic tools like drills, they'll be going after the secondary ones like sanders and routers.

Power tool accessories showed marked improvement in the audit. Leading the race was the Black & Decker 73-300 3-in-1 blade with total movement of $7,261.31. A distant second was the Black & Decker 71-013 13-piece drill set, which posted a $3,097.20 total movement. This category should remain stable.

Rising Trend

The audit also revealed a trend away from the low-end imported hand tools in favor of higher-priced better-quality ones. Even with the imports, the price is rising—you can't get the 88¢ Oxfords anymore.

Accordingly, Stanley carried the day. The top seller, with total movement of $10,068.30, was the 33-425 tape rule, which sold 825 units.

The only non-Stanley hand tool in the top 15 was the Petersen 5WR Vise Grip, which had total movement of $2,697.35 and ranked No. 14.

Improved promotional techniques aided the categories of electrical goods and plumbing. Electrical goods sales will grow 15%-20%. I think that much of the action in hardware has been in labeled electrical and plumbing products and I think the chains have really learned how to promote them. Years ago, you used to just put them on a gondola and leave them there. But now, the chains have made these into a highly promotable business.

For example, the Carol 03302 100-ft. extension cord came in at No. 5 with $2333.41 in orders. Also highly promotable was the Leviton 801-6101 Night Line.

The highest unit mover was the Leviton 800-274 three-way adapter with orders for 3,056 units. Retailing at 75¢ apiece, it registered total movement of

(Continued on page 29)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PLUMBING			
1	Melard 1501 Basket Strainer	1,914	1.55	2,968.57
2	Mel 1603 Ballcock Brass	241	10.95	2,638.35
3	Mel 1619 Flapper Ball	1,689	1.41	2,375.58
4	Mel 18016 6' Fem X Fem	534	3.58	1,912.52
5	Mel 68321 Towel Bar 24"	195	9.29	1,812.43
6	Mel 360 Executive Head	378	4.50	1,699.11
7	Mel 14206 6" Plunger	1,098	1.45	1,598.10
8	Mel 3525 Shower Massage	84	17.21	1,445.77
9	Mel 19012 Sink Strainer	230	6.25	1,437.39
10	Mel 1601 Ballcock Plastic	314	4.48	1,406.88
11	Mel 1600 Toilet Tank Kit	209	6.50	1,357.66
12	Mel 1609 Tank Lever	729	1.74	1,268.46
13	Mel 2705 Towel Bar 24"	252	4.71	1,187.55
14	Mel 1422 Super Plunger	360	3.26	1,174.50
15	Mel 1411 Tub Stopper	1,278	0.91	1,167.45
	ELECTRICAL			
1	ELEC MOC 4C Multioutlet	220	15.03	3,308.03
2	EPAK ELVT-300WG Pagoda Kit	24	132.67	3,184.20
3	Leviton 801-6101 Night Light	1,520	1.76	2,666.84
4	Leviton 810-6677 Dimmer	635	4.16	2,642.55
5	Carol 03302 100' Org Ext	157	14.86	2,333.41
6	Leviton 800-274 3-way Adapter	3,056	0.75	2,292.00
7	EPAK MOC-6C Multioutlet	119	16.81	1,999.85
8	3M 195A 34x250 Tape	1,836	1.06	1,943.41
9	Carol 4170 81.2" C1 Lamp	360	5.25	1,889.64
10	GENC 12-2-50 Romex	163	11.01	1,793.90
11	Leviton 800-697 Plug Outlet	659	2.55	1,681.77
12	Leviton 800-7090PG Knob Socket	825	2.03	1,674.75
13	Leviton 800-6098PG Butt Socket	970	1.67	1,617.48
14	Carol 00209 BRN EXT	1,500	1.06	1,587.75
15	Leviton 803-6700-30 30 Amp Fuse	1,490	1.06	1,579.40

(Continued on page 29)

Although domestic locksets still get prominent display, as at Caldor in Baltimore, lower-priced imported ones are expected to shake up the security area in 1984. *(DSN photo)*

Jamesway to Bow In Former King's

SECAUCUS, N.J.—Jamesway will open a new store in Dunsmore, Pa., at the site of a former King's outlet, in early March.

The new store will be the Scranton-Dunmore area's first discount outlet since the King's was shuttered several years ago.

The 61,000-sq.-ft. store will be Jamesway's 28th in Pennsylvania and its 79th overall.

Now, Champion's best performer sparks nearly every car on the road.

More applications.

Since the introduction of Copper Plus, we've been continually improving upon its success. Copper Plus now covers just about every import and domestic car on the road today. From Chrysler to Renault, from Buick to Volkswagen – and virtually everything in between.

More consolidation.

That improved coverage represents 98 percent of the market. But it's only part of Champion's improvement story. Because true improvement has to include line consolidation, too. In 1980, for example, it took 57 Champion spark plug types to achieve 93 percent coverage. Today, with Copper Plus, you get 98 percent coverage with only 39 types – a 31 percent reduction. Plus broader coverage!

Even so-called bargain plugs may cost more in the long run, because you'll have to carry more SKUs.

Compare Champion's coverage with other spark plug lines. Compare our consolidation story. It all adds up to lower line costs for you.

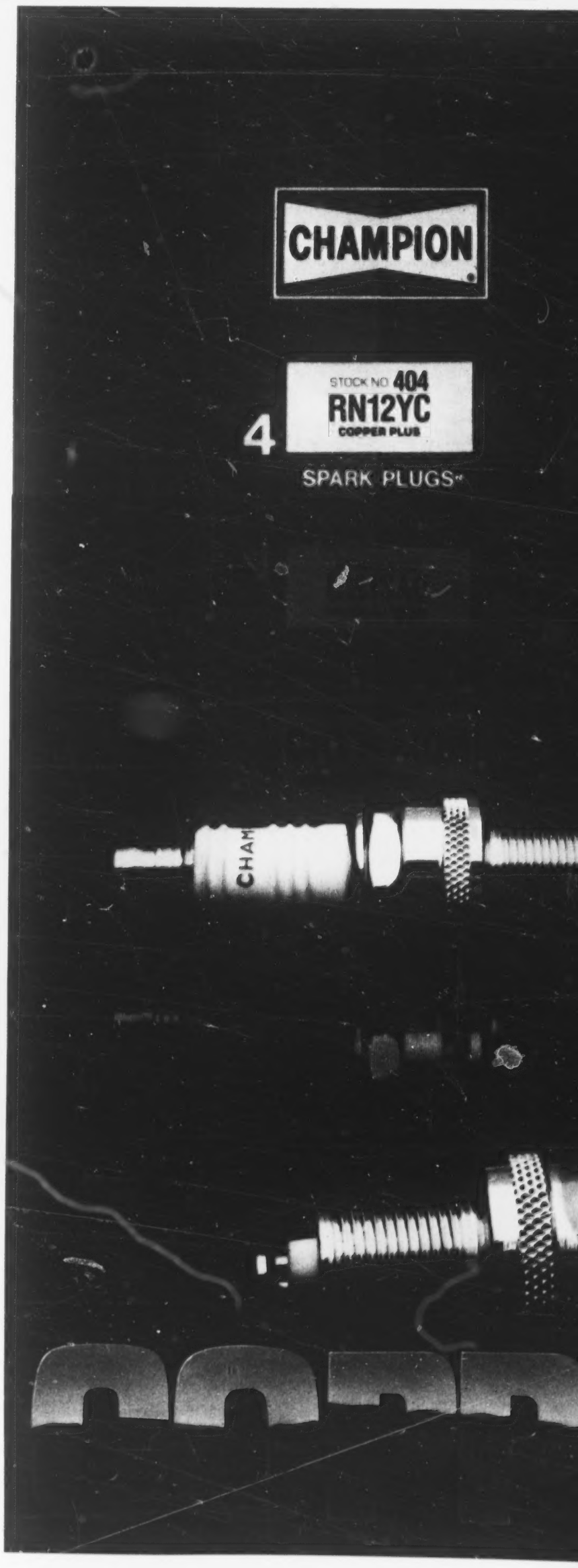
More spark for your sales.

Copper Plus is the best performing spark plug Champion has ever developed. We back our faith in Copper Plus with more sales and service support than any other spark plug manufacturer offers, plus an exclusive 60-day Money Back Performance Guarantee.

How do you switch to Copper Plus? It's automatic. In fact, Copper Plus is in your stocks now. Look for it in the familiar red and black package.

CHAMPION

NOTHING SPARKS LIKE A CHAMPION

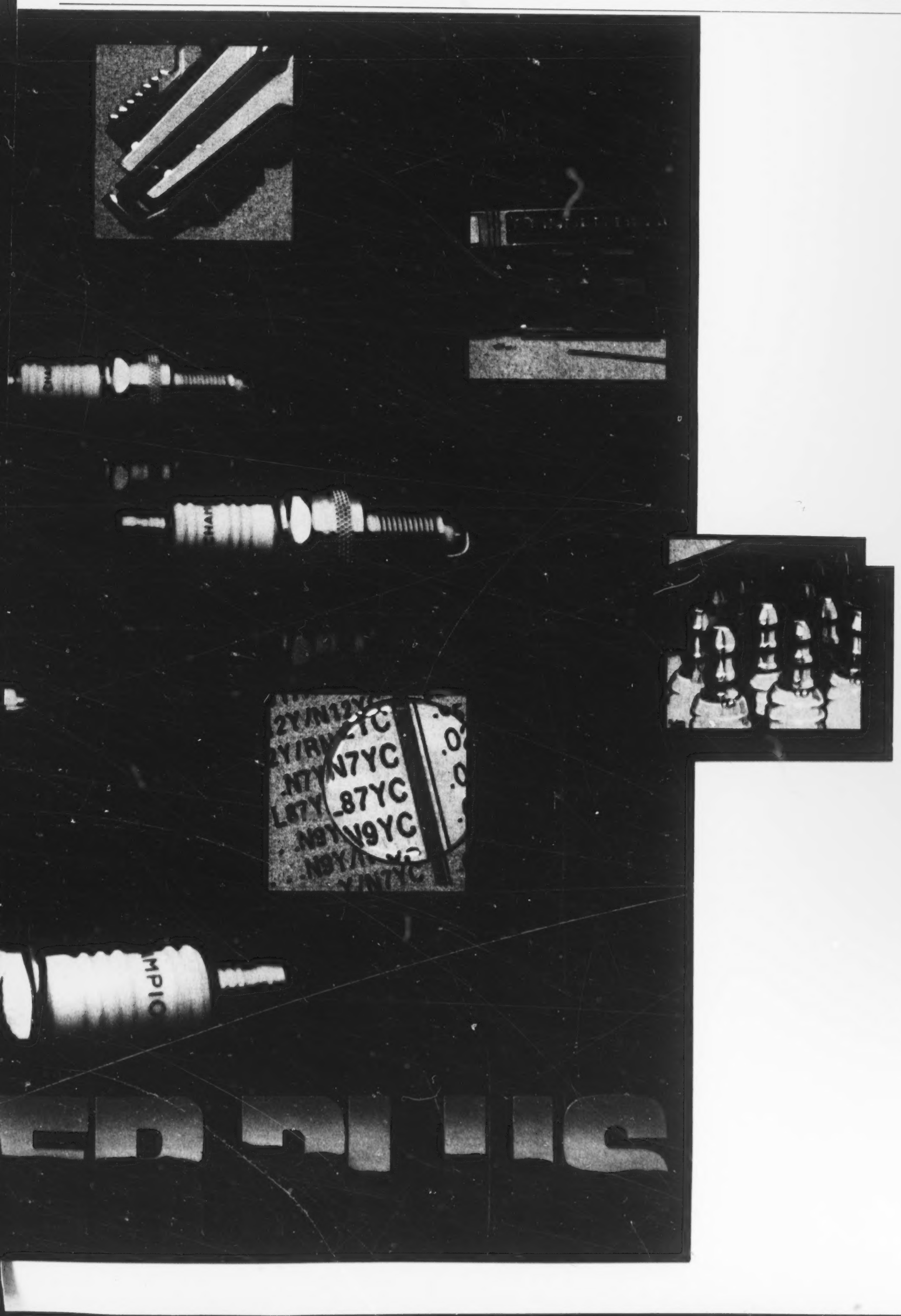


HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	SECURITY			
1	Harlock T-700 US3 Entry Module	1,570	9.84	15,451.94
2	Harlock UR 700-M-DL US3 Entry	442	13.15	5,810.53
3	Harlock T-700-M-DL US5 Entry	453	10.43	4,724.79
4	Master 1500D Combination Padlock	1,236	3.29	4,066.44
5	Harlock UJ 700 M-DL US5 Entry	245	13.76	3,371.69
6	Harlock UM700 US5 Entry Module	207	15.37	3,182.00
7	Harlock T-100 US3 Passage PB	528	5.19	2,742.43
8	Harlock T-200 US3 Bedroom PB	461	5.94	2,736.50
9	Harlock DC-DB 840 US3 Double	227	11.62	2,637.74
10	Master 500D Padlock 1¾"	1,116	2.34	2,609.21
11	Master 22D Padlock 1½"	1,392	1.82	2,533.24
12	Harlock DC-DB 820 US3 Single	280	8.97	2,512.72
	SPECIALTY PAINTS AND WAXES			
1	Formby 0035 Paint Remover 32	312	6.84	2,135.95
2	Minwax Poly Gloss 1 qt	318	6.23	1,981.14
3	Minwax Poly Satin 1 qt	312	6.23	1,943.76
4	Formby 0011 Furniture Refinish 64 oz	126	15.66	1,973.16
5	Formby 0010 Furniture Refinish 16 oz	366	4.90	1,793.40
6	DEFT Quart Defthane Gloss	252	6.93	1,746.36
7	Formby 0013 Furniture Refinish 32 oz	180	9.07	1,632.96
8	Bull White Shellac 3-lb quart	288	4.66	1,342.66
9	DEFT Quart Defthane Satin	180	6.93	1,247.40
10	DEFT Quart Wood Finish	186	6.16	1,145.76
11	Minwax 230 Early American Quart	210	5.03	1,055.46
12	Formby 0037 1-4 Paint Wash 16 oz	336	3.06	1,025.47
13	Minwax 2716 Dark Walnut Quart	204	5.03	1,025.30
14	Bull White Shellac 3-lb pint	318	3.00	952.73
15	Minwax 224 Special Walnut Quart	186	5.03	934.83

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PAINT SUNDRIES			
1	My-Ro 40 Caulkstrip	528	3.48	1,837.44
2	Webster 110 Plastic Drop Cloth	1,698	0.90	1,526.50
3	Webster 111 Utility Cover	720	1.70	1,221.48
4	My-Ro 15 Seal a Crack	444	2.52	1,120.21
5	Bloch New Eng XL-200 Cheese cloth	948	0.90	852.25
6	Webster 105 Plastic Drop Cloth	1,836	0.41	745.42
7	Webster 115 Plastic Tarpaulin	246	2.97	731.24
8	Bloch New Eng XL-74 Tack Cloth	996	0.51	505.47
9	Bloch New Eng XL-23 Stain Cloth	528	0.65	344.52
10	My-Ro 666 Door Seal Caulk	96	1.73	165.65
11	My-Ro 315 Caulk Cord	18	1.50	27.14
12	My-Ro 30 Crack Seal Tub	6	2.44	14.62
	LIGHTING			
1	Delval 1836WB Benjamin Franklin	62	67.41	4,179.42
2	Wolf CF69 24" Wagon Wheel	58	67.07	3,889.77
3	Wolf CF115X 18" Wagon Wheel	57	52.50	2,992.50
4	Powers C54B Circline 2 Lite	89	32.67	2,907.63
5	Wolf CF112 15" Wagon Wheel	79	34.38	2,716.02
6	Delval 4328AB Something Old	23	109.60	2,520.92
7	Delval 1834WB George Washington	39	57.29	2,234.11
8	Delval 1013 Black Diplomat	119	17.89	2,128.61
9	Delval 7339AB Ruffl Ceil 3	56	33.67	1,885.30
10	Delval 1893WB Nathan Hale	80	23.54	1,883.16
11	Delval 8614WH Country Flowers	118	15.31	1,806.29
12	Powers ST120 Strip	198	8.96	1,773.09
13	Powers 9800PB Wall Fixture	179	9.79	1,751.96
14	Delval 5013AB Twin Spot	60	28.10	1,685.79
15	Delval 1725BLK Topper Torch	94	17.21	1,617.98

These figures for November 1983, supplied by Schreiber & Co., Lititz, Pa., cover 600 discount stores in 19 mid-Atlantic and East Coast states. Average retail prices reflect typical price points for discount chains.



PRODUCT MOVEMENT AUDIT

Locksets

(Continued from page 28)

$2,292.

In plumbing, Melard toilet tank kits and aerators carried the day. The top seller was the 1501 basket strainer with total movement of $2,968.57 and unit movement of 1,914.

The top-selling toilet tank accessory was the Melard 1603 ballcock brass, whose total movement amounted to $2,638.35.

In lighting, the top seller was the Delval Benjamin Franklin unit, retailing at an average of $67.41, which moved a total of $4,179.42. Grabbing the No. 2 spot was the Wolf CF69 24a-in. Wagon Wheel. It came in with a total movement of $3889.77. Powers' C54B Circline 2 Lite was fourth with total movement of $2,907.63.

The paint sundry category was divided evenly among drop cloths, tarpaulins and highly promotable caulking. The top seller was the My-Ro 40 caulkstrip with total movement of $1,837.44. The Webster 110 plastic drop cloth came in second with $1,526.50. The highest unit mover was the Webster 105 plastic drop cloth, which, retailing at 41¢ apiece, registered total volume of $745.42.

Two of the top five specialty paints and waxes were furniture refinishes. Coming in at No. 4 with $1,973.16 total movement was the Formby 0010 64-oz. can of furniture refinish. Its 16-oz. counterpart placed fifth with total movement of $1,793.40.

The top seller in the category was Formby's 0035 paint remover with 312 unit movement and $2,135.95 dollar movement.

Hardware will continue to sell steadily with 5%-10% growth projected. During November, the top seller was the promotable Bostik USM 203 glue gun with $1,465.20 movement. The same company's K110 pop rivetool came in second with $1,298.88. Rivet steel came in twice in the top 10: the USM S-42 rivet steel at total movement of $936 and the USM S-44 at No. 8 with $772.20.

K mart's Stevenson Honored by NRMA

NEW YORK—A. Robert Stevenson, vp, government and public affairs, K mart, was awarded the 1984 Silver Plaque by the National Retail Merchants Association. The organization gives this award each year to innovative retailers.

Stevenson joined the chain's legal department in 1965 and moved up to assistant secretary in 1972. Two years later, he was promoted to director of government and public relations. He assumed his current post in 1975. He holds law degrees from Detroit Law School and Wayne State University.

Stevenson served as chairman of the NRMA government and legal affairs committee.

Many Price Ads Drop Specifics

Many of discounters' pre-Christmas toy ads had one common thread—an emphasis on reduction of everyday prices without running actual selling prices. Chains offered anywhere from 10% to 50% off regular prices, playing up popular manufacturer names, rather than specific price points.

At Harts, the chain featured 15% off on all board games in a recent circular, highlighting selections by Milton Bradley and Parker Brothers. No price points appeared, although the bottom of the page read "Harts bring low prices home to you."

Richway simply listed all the specific toy categories and participating manufacturers underneath a full page dominated by a 20%-50% off notification. The chain specifically advertised no rainchecks and limited quantities, but made no reference to any price points.

Zayre led off a recent ad with 10%-20% off on selected Fisher-Price preschool toys, listing savings on six different items from a low-end nursery set or Tea Along Turtle at $3.95 each, to the higher-end house or garage, priced at $17.99. The chain jumped from a 23% savings in a Care Bears miniature ad, priced at $1.76 from $2.29, to a price-point savings of $1.53 on Care Bears fun books, priced at $3.46 from $4.99.

Sales Per Square Foot Keep Rising

	1971	1975	1978	1980	1981	1982	1983	12-year change	5-year change	'83 vs. '82
Dept. Size (sq. ft.)	3,050	2,800	2,646	2,660	2,660	2,650	2,500	−18.0%	−5.5%	−5.7%
Annual Turns	4.7	4.5	3.7	3.8	3.6	3.4	3.2	−31.9%	−13.5%	−5.9%
Volume Per Sq. Ft.	$78	$85	$121	$141	$147	$154	$183	+134.6%	+51.2%	+18.8%
Initial Markup	32%	34%	33%	36%	35%	33%	35%	+9.3%	+6.1%	+6.1%
Gross Margins	28%	29%	28%	29%	28%	26%	28%	NC	NC	+7.7%

NC—No Change *Source: DSN research*

While toy department size has gradually decreased over the past five years, from 1978's 2,646 sq. ft. to the present-day average of 2,500 sq. ft., sales per square foot increased over 50%, as higher-priced licensed products have become the dominant factor in the industry.

Higher prices in toys can also be attributed to the introduction of more expensive electronic games, which in turn allowed retail toy prices, on a whole, to be hiked. Over the past 12 years, volume per square foot has seen a 134.6% rise.

Although competition remained fairly sharp, discounters were able to enjoy a higher initial markup, 35% vs. 33% a year ago and a slightly increased gross margin, from 26% in 1982 to 28% last year. The increase in both figures somewhat reflect last year's success story. But, overall, gross margin has seen little to no change while initial markup has increased less than 10% in the 12-year period measured.

Annual turns were slightly down from 3.4 to 3.2. However, many chains did a large percentage of inventory buying in the last quarter which kept the numbers of annual turns down yet still allowed discounters to enjoy a profitable year.

Over the past 12 years, turns have decreased 31.9% and are down 13.5% over the last five. But, discounters are hoping the trend will begin to move in the other direction, using last year's tremendous fourth quarter as a strong base.

After
13 years of batting pitches,
George Brett is pitching bats.
Tee Ball Set
COSOM
Tap & Hit
Fun Ball
BAT & BALL
Schaper Cosom is pleased to announce the addition of another big hitter to their bat and ball line. George Brett.
During the coming season, Brett will appear on all packaging for Schaper Cosom's fun-to-use and educational collection of bats, balls and training equipment.
Brett's presence on the Schaper Cosom team will help to move the line well up in your profit rankings.
Better call your Schaper Cosom sales rep today. Because the man who hits home runs for the Kansas City Royals is ready to go to bat for you.
Schaper • Cosom
1983 Schaper Manufacturing Company, A Division of Kinsan, Inc.

BEST AVAILABLE COPY

Spring Car Care Buy-In

See Special Section, pp. 25-43

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Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

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Dolginow, His Firm Both Carlson-Bound

MINNEAPOLIS—Carlson Companies plans to acquire Dolginow's and consolidate that firm and Carlson's diverse showroom operations into a new Carlson Showrooms Inc. subsidiary that will be headed by Yale Dolginow, a veteran showroom industry executive.

Carlson's agreement in principle to acquire privately held Dolginow's and its 14 Matco specialty discount stores and three Yale's catalog showrooms calls for Yale Dolginow, owner and president of Dolginow's, to become president and chief executive officer of Carlson Showrooms.

The agreement, which is expected to be executed by the end of next month or early in April, has a number of major consequences for Carlson and the showroom industry.

- It puts Carlson into a new retail field, specialty discounting.

Dolginow said no changes are currently planned for Matco, which was remerchandised about 18 months ago as home and clothing discount stores focusing on a broad assortment of basic apparel and a tight mix of such hard goods as health and beauty aids and household items. Matcos also have a catalog desk where the Yale's book is available for customers to order from the broader mix of such hard lines as jewelry, consumer electronics, giftware, housewares/appliances and toys found in the showrooms.

Buying for Matco and Yale's will eventually be consolidated with Ardan, Carlson's 62-unit showroom chain, in the latter's Des Moines, Iowa, headquarters.

- In Dolginow, Carlson gets an experience showroom executive to oversee Ardan, and whose extensive industry contacts could eventually enable Creative Merchandising & Publishing, Carlson's catalog coordinating operation, gain members.

The consolidated Carlson Showrooms operation will involve merging Yale's and Ar-

(Continued on page 54)

Peter Harris, President, Gemco

Gemco's new Vallejo, Calif., store, featuring a combined jewelry accessory area, is the latest in a series of six preprototype units opened in the last 18 months. (DSN photo)

Leaner Gemco Plans Bow For Its Store of the Future

By IRIS S. ROSENBERG

BUENA PARK, Calif.—When it opens this fall, Gemco will have reached the goal it set out for almost two years earlier: to create its store of the future.

That event, already a year and a half in the making, follows a similarly lengthy reorganization of its top management structure and consolidation of its marketing territory—a response to disappointing earnings in the last several years.

Like its predecessors, that store will feature a supermarket and general merchandise departments in a single approximately 108,000-sq.-ft. location. And to shop there, customers will still have to buy, for $1, a (lifetime) membership card.

Among the key differences will be the creation of a more dramatic stage presence for its supermarket, intensified by the addition of a new, high-tech deli/bakery counter and snack bar; a more fashion-forward presentation of the general merchandise areas, particularly apparel and domestics, and more centralized checkout areas that will handle everything from ice cream to women's suits.

That opening, however, won't be a sudden break with the past.

"We have opened six stores in the last year and a half that reflect, progressively, a greater and greater influence of what we knew would be our prototype store," Peter Harris, president of the $2 billion chain, told *DSN*.

The most recent incarnation of that thinking process opened in Villejo in the San Francisco Bay area late last year. The final "preprototype" unit will open in Mira Mesa, Calif., next month.

Harris declined to reveal where the prototype unit—or a second one cast in its mold and also due to open before year's end—will be located. But, it will be in California.

(Following the closing of the chain's six Texas stores late last year—this, after the shuttering of the East Coast Memco division in late 1982—Harris said: "We have pulled in to become a western business on which we could focus, although, long-term it is realistic to think we'll move from this market.")

Current thinking calls for modular elements of the new design, most of which is in place in Villejo, to be taken through the other, currently 76, units of the chain.

"We'll take elements that can

(Continued on page 54)

On Coast, Gemco Is A Survivor

BUENA PARK, Calif.—Gemco is a survivor.

In its 24-year history, it has seen countless discount chains—including East Coast operations like Two Guys and Gold Circle looking to establish West Coast beachheads—break up on the shoals of its freeway-laced home markets.

Most recently, in late 1982, Target invaded its shores, taking over many of the failed Fed-Mart's locations.

But, in the last several years, Gemco has taken its lumps, following a peak in profitability in fiscal 1980. The recession took its toll, and heightened competition from drug and supermarket chains, both formidable West Coast purveyors of general merchandise, and specialty operators like Mervyn's, which has a stranglehold on key Gemco markets, prompted considerable soul-searching and reworking of marketing plans at all of Lucky Stores' divisions, including Gemco.

About 18 months ago it shuttered its 14-store East Coast Memco division opened in the

(Continued on page 54)

Countersuits Attack Suits By T.G. & Y. Over 'Gifts'

OKLAHOMA CITY—T.G. & Y.'s civil suits, charging that a number of wholesalers paid gratuities to now-dismissed buyers, have started to trigger countersuits by the vendors and former company employees, including a $1.4 million counterclaim by one ex-buyer.

The discounter has dropped cases against three of the wholesalers and possible abandonments were pending against some others at presstime. The suits involving the former buyers are in various stages of pleadings and discovery.

The discounter had filed charges in mid-November against a dozen wholesalers in the United States District court here, alleging the companies committed antitrust violations, racketeering, bribery and conspiracy to breach fiduciary duties.

T.G. & Y. wants to be released from debts owed to the wholesalers and is also asking for triple damages under the claims of Federal antitrust and racketeering violations, and unspecified punitive damages.

At least two of the vendors, Braxton Jeans, Dallas, and Andover Togs, New York, have filed multimillion dollar countersuits for actual and punitive damages and defamation of trade reputation. The discounter has filed a demurrer to Braxton's countersuit.

The other vendors currently accused by T.G. & Y. are Wear Me Apparel, Elkay Industries and Ducson Co., all of New York; Avondale Manufacturing and Skyline Ltd., both of South

(Continued on page 52)

Digest

Feb. 20, 1984

APPAREL

- **Conservative chains are** adopting more of a fashion look in their ladies' pants mix. (p. 14)

AUTOMOTIVE

- **Buyers are expecting an**other good year, with the outlook especially good in seat covers and batteries. (section, pp. 25-43)

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IN BRIEF

- **SERVICE MERCHANDISE, ONE OF THE FIRST MAJOR** retailers to report 1983 fiscal year results, recorded a 22% increase in sales to $1.458 billion and a 42% net earnings explosion to $44.9 million. The cataloger plans to open at least 15 new showrooms this year, including an invasion of Los Angeles with its first two units.

- **THE PROJECTED CONFIRMATION OF THE CHAPTER 11** plan of HRT Industries, parent of Zodys discount stores, due at presstime, may have run into a major roadblock. The International Ladies Garment Workers Union, Local 99, has filed a $23 million claim against HRT in an effort to reverse the planned relocation of Zodys' apparel buying office and warehouse from the New York area to Los Angeles. The Chapter 11 plan covers only about $127 million in creditors' claims previously filed against HRT.

400 K marts to Get A.T.&T. Phone Booth Program by Mid-April

NEW YORK—K mart will roll out the A.T.&T. Phone Booth program to 400 major-market stores by mid-April, according to Norman Milley, executive vp, merchandising.

As that agreement was inked, Bradlees began an extensive reassortment of its Phone Booth effort.

The K mart program will be placed in the chain's stores located in 14 markets: Los Angeles, Chicago, Philadelphia (including parts of New Jersey), Detroit, Houston, Atlanta, Minneapolis-St. Paul, Dallas-Fort Worth, San Diego, Miami, Seattle, Phoenix, Indianapolis and Orlando, Fla.

The announcement followed months of protracted negotiations that began last summer between the nation's largest discounter and phone supplier. The lengthy talks had been partially bogged down over the actual shape that the final assortment would take, according to industry sources.

That assortment will be skewed heaviest in basic wall and desk phones, with a small selection of cordless and designer models.

A.T.&T. recently relaxed its more rigid standards for the Phone Booth program, which had earlier mandated specific selections, colors, signing and in-store placement. Additionally, it has discontinued 18 of its 24 Design Line Telephones (DLT's), in response to soft volume in the category, a company spokesman said.

Slow sales of the DLT's last month prompted Bradlees—which has carried the Phone Booth program since last winter—to return large quantities of its inventory to the company in a "stock balancing" effort, according to James Hyman, vp, gmm, hard lines.

That effort, which left some stores short on display units and stock, will result in a much heavier emphasis on basic phones with some cordless and high-tech models when the reassortment is completed.

Federated Group Superstores, like the one in Torrance, Calif., generate volume through bulked-out self-service displays and a commissioned sales staff. A "spiff" program aids low-ticket sales. *(DSN photo)*

CE Chain's Ads Blur Distinctions Between Discount, Full Prices

By BRENT FELGNER

LOS ANGELES—The Federated Group—a 20-unit southern California-based chain of electronics Superstores—owes its discount image as much to its advertising and marketing programs as to its pricing policies.

Many of its items aren't discounted at all.

"I'm not looking to beat the lowest prices around," said the company's 39-year-old president Keith Powell. "We'll never be the first to lower the price on an item. That's because we believe our customers aren't looking for the best price, but a good price."

To Powell, a "good price" means the full suggested retail on two-thirds of the 20,000-30,000-sq.-ft. stores' approximately 9,000 sku's. The remaining third is heavily discounted—priced just 10% over cost—and represents slightly more than 80% of the chain's volume, he said.

That formula has allowed the chain to maintain an overall 30%-32% average gross margin on its estimated $140 million in sales for the fiscal year ending Feb. 28, according to Powell.

That formula has also helped the company move ahead on its expansion program. Current plans call for at least four more units to be in operation by August, with openings financed by the company's recently completed public stock offering—its first.

Extensively broad merchandise assortments have placed the Federated Group in competition with virtually every class of trade—in many cases on an item-by-item basis. In compact and rack audio systems, for example, the chain's low end, beginning with a $120 Sanyo compact, would be pitted against discount chains like

(Continued on page 4)

Differently Priced Ciggies Drawing Mixed Results

Nationwide DSN Report

The cigarette business is slowly starting to fragment into differently priced segments, with mixed results, so far, at the discount store level.

The two most clearly defined segments are the traditional name brands as the standard smokes, with generic cigarettes as the low-priced alternative, often selling at $1.50 to $2 a carton less.

The new segments that have started to appear in discount stores are 25-count packs as the low-price name brand alternative to generics, and luxury packs as the higher-priced upscale alternative to the traditional brands.

Discounters like K mart, Ames, Nichols, Pamida, Bi-Mart and Roses report that cigarette sales overall are flat, but that generics are doing very well.

Twenty-five count packs and

(Continued on page 44)

Promotions are the key to maximizing generic cigarette sales. K mart recognized this by promoting generic cigarettes in an ad in the *Los Angeles Times*, which covers an urban market where generic volume has been weak.

ShopKo Plans 5-Store Omaha Invasion

GREEN BAY, Wis.—ShopKo will open at least five new stores in Omaha.

Three of the five units are expected to be in operation by fall 1984. Six more new sites are currently being negotiated. A company spokesman said at leat two of the six will be opened by the end of the year.

The first of the three Omaha stores will be opened this summer, in a 92,000-sq.-ft. former Woolco unit in Central Omaha. A 91,000-sq.-ft. store, located on 90th Street and Fort in the northern part of the city, and a 65,000-sq.-ft. unit in Bellevue, both new stores, are scheduled to open later this fall.

The chain sees its primary competiton coming from K mart, with seven sites in the market, and Target, with three.

Months ago, Venture had indicated interest in entering the Omaha market by purchasing two Woolco sites but one was bought by Richman Gordman, a major department store force in the market, and the other by ShopKo.

Along with the scheduled Omaha openings, the chain has announced two March premieres, one in Iowa and the other in Minnesota.

Other openings slated for this year are in Oshkosh, Wis., Norfolk, Neb., and Aberdeen, S.D.

IRS May Demand Wage-Subsidy Repayments

Targeted Jobs Tax Credits in Jeopardy

WASHINGTON—Discount chains that claimed Federal Targeted Jobs Tax Credits for hiring cooperative education students during the past five years may be forced to repay much or all of those wage subsidies, under a new Internal Revenue Service proposal.

Under the IRS plan, discount stores and other employers won't be allowed to claim T.J.T.C. tax credits toward the salaries paid to economically disadvantaged cooperative ed students during summer vacation periods.

What's more, the tax service's proposed regulations would permit IRS agents to apply this new restriction retroactively to the T.J.T.C. program's inception in 1978. Chains affected by this new rule would lose not only the tax credit claimed for students employed during school vacations, but could also be forced to return any subsidies paid for work while these students were enrolled in co-op ed courses.

A separate provision in the newly proposed IRS regulations could create tax problems for employers even if they did not claim targeted jobs tax credits for students during summer vacation periods.

Under this rule change, the T.J.T.C. wage subsidies would be available only for cooperative education students whose job duties are related to their course work.

Discount stores, for example, would no longer be allowed to apply for a tax credit toward the wages paid to a cooperative ed student studying hairdressing, unless the youngster's work assignments were related to that field.

Again, IRS would be empowered to enforce those new restrictions retroactively.

For discounters who have made extensive use of the Federal targeted jobs program in recent years, the back tax orders likely to result from the IRS proposal could be enormous.

Under T.J.T.C., employers hiring economically disadvantaged cooperative education students (or individuals from any of eight other "targeted" population groups) may claim Federal tax credits equal to 50% of the wages paid to any qualified worker during his first year of employment, and 25% of the wages paid in his second year on the job.

This formula permits employers to claim direct hiring subsidies from the Federal Government of as much as $4,500 per employee—with no ceiling on the number of workers that

(Continued on page 54)

Julian Seeherman

Thomas A. Hays

Venture's Seeherman Adds CEO Position; Hays Appointed May's Vice Chairman

ST. ANN, Mo.—Venture Stores president Julian Seeherman has been promoted to the additional position of chief executive officer of the 51-unit discounter.

This was one of a string of executive promotions, which saw Venture chairman and ceo Thomas Hays assume full-time duties as a vice chairman at the chain's parent company, May Department Stores. Hays was recently assigned corporate oversight responsibilities for a group of May's retail operations: Venture, Volume Shoe, May D&F, Colorado and Meier & Frank.

In addition to Seeherman's assumption of Venture's ceo post, Don Clarke has been named chairman of the discounter. Clarke moved over from May-owned Famous-Barr, where he formerly served as executive vp, administration and chief financial officer.

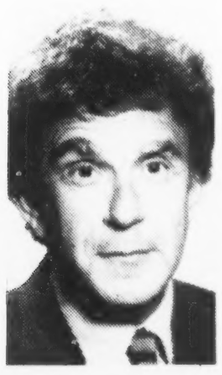
AUTOMOTIVE

PRODUCT MOVEMENT AUDIT

Wheel Covers Among Surging Accessory Items

By HERB RECHTER
President,
Allied Accessories
And Auto Parts

This product movement audit for December represents the tail end of the Christmas buying period and fill-in purchases, mostly on seasonal items.



The figures only cover the first two weeks of December; we were closed the final two weeks of the year—as is our custom.

Items like the No. 1-ranked, 2-ton hydraulic floor jack and No. 17, 2-ton mini hydraulic floor jack are indicative of retailer special promotions during the period, the latter being one single chain's promotion.

Most of the other top-ranked items were seasonal goods, very much in line with the previous year's product movement.

Thus, the booster cables, gas line antifreeze, scraper/squeegees, replacement wiper blades, Btu ready heaters all are high on this final PMA ranking of the year and will begin to disappear from subsequent months' audits.

Among the items showing a strong surge during 1983—and which we expect to continue to do well through this year—are accessories like wheel covers.

Sales in wheel covers, an import program for us, are currently up between 30% and 40%.

We are currently carrying two lines: wire and plastic. Our retailer customers carry the wire covers at an average retail of $19.99 and the other (plastic) for between $10.95 and $11.95. On special, the wire covers go for about $14.97 and the (ABS) plastic for about $8.97.

The price on these items has come down somewhat in the last year to a point where the mass merchant finds it feasible to carry the items.

Thus, we find our customers are interested in responding to our efforts in the category.

We are also finding that our seat-cover business is getting better all the time. We find our customers are particularly interested in the higher-priced items that we carry. The bulk of our business today is in the $19.95 to $29.95 (at retail) area.

While we don't carry sheepskin, we find our customers are interested in better-priced covers, like those made of velour or Herculon.

Like many of our customers, we are getting away from nylon seat covers in the $10 area.

We are also getting more interest in floor covers—a signal that more people are buying new cars.

(Continued on page 43)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2-Ton Hydraulic Floor Jack	867	54.29	47,069
2	Gumout Jet Spray 13 oz 7450	19,605	2.39	46,855
3	Roberk Wiper Bld Refill RR16	19,242	2.19	42,139
4	Sealed Beam, Large Round 6014	12,184	3.29	40,085
5	Sealed Beam, Large Square 6052	4,620	7.99	36,913
6	Roberk Wiper Bld Refill RR18	16,358	2.19	35,824
7	One Piece Auto Ramp, Pair LR 81	1,546	21.99	33,996
8	Motorcraft Oil Filter FL1A	7,918	4.19	33,176
9	12'E Cable Slvd 8C812 (C1012 AS)	3,407	8.19	27,903
10	Sealed Beam, Low Square 4652	5,577	4.99	27,829
11	Oil Treatment 15 oz 1015-24 STP	11,995	2.29	27,468
12	Auto Bulbs 2 on a card 1157	23,120	1.09	25,200
13	16" Roberk Wiper Blades RW816	11,401	2.19	24,968
14	Plas Bottle Gas-Line Anti-Freeze	42,120	0.59	24,850
15	Instant Spare Inflator 12 TAC39	17,729	1.39	24,643
16	Scraper Squeege Snowbrush 3060	12,171	1.99	24,220
17	2-Ton Mint Hydraulic Floor Jack	529	44.99	23,799
18	Gumout Carb Clean 12 oz 7518	11,978	1.89	22,638
19	Pylon 16" wiper refills 1016	10,136	2.19	22,197
20	18" Roberk Wiper Blades RW818	9,382	2.19	20,546
21	50,000 Btu Reddy Heater R50	83	229.95	19,085
22	Quartz Halg Fog Light Kit AMB	623	29.99	18,683
23	16-oz Armor All Protector 10160	3,002	6.19	18,582
24	B&D 12-volt Car Vac 9510	686	25.99	17,829
25	Motorcraft Oil Filter FL400	3,780	4.69	17,728
26	8-oz Armor All Protector 10080	5,773	2.99	17,261
27	Prestone Break Fluid 12 oz AS400	8,647	1.99	17,207
28	Rislone Oil Alloy 32 oz 100QR	6,087	2.79	16,982
29	PSF Yale Power Strg Fluid 142	7,956	1.99	15,832
30	LF-1 Lee oil Filter	4,482	3.49	15,642
31	Aerosol Starting Fluid R540	11,999	1.29	15,478
32	C-16 Bars Leak 12 oz (80)	6,759	2.19	14,802
33	Aerosol Spray DE-ICER R560	12,360	1.19	14,708
34	Tire Pump Foot Operated W Gauge	1,866	7.79	14,536
35	BD-1 Blower Defroster	796	17.99	14,320
36	AS243-12 Prestone Spray Deicer	6,947	1.99	13,824
37	1½-Ton Jack Stand, each (JS15)	2,499	5.49	13,719
38	Pylon 18" Wiper Refills 1018	6,226	2.19	13,634
39	A.C. Oil Filters PF-25	3,396	3.99	13,550
40	Quartz Halg Driv Light Kit Clr	451	29.99	13,525
41	6AMP Battery Charger SE86	444	29.99	13,315
42	10Amp Battery Charger ES1010	328	39.99	13,116
43	Halogen Seal Beam Lg Sq H6054	650	19.99	12,993
44	Air Compressor w Gauge 165 PSI	554	22.99	12,736
45	32-oz Armor All Protector 10320	1,398	8.99	12,568
46	Prestone Brake Fl Quart AS401	2,508	4.99	12,514
47	STP Gas Treatment 12 oz 2024	6,220	1.99	12,377
48	Warco Dot Brake Fluid Qt 1002	3,176	3.89	12,354
49	Prest Super Flush PK12 AS107	3,643	3.29	11,985
50	Sealed Beam, Low Round 4000	4,294	2.79	11,980
51	Sun Super Tach II CP7901	2.38	49.99	11,897
52	Warco Dot Brake Fluid 12Z 10001	7,896	1.49	11,765
53	16" Booster Cable, CobraCP 945	535	21.99	11,764
54	87772 15" Wire Wheel Cover Ea	610	18.99	11,583
55	R-6 Bars Leak 5½ oz (175)	7,261	1.59	11,544
56	DFVI D1x Full Window Defroster	574	19.99	11,474
57	4-oz Armor All Protector 13040	6,757	1.69	11,419
58	Aerosol 5 oz WD-40	4,401	2.59	11,398
59	Prime Anti-Freeze AF562	2,358	4.79	11,294
60	STP Gas Treatment 8 oz 2050	8,721	1.29	11,250
61	R4STS-8H AC Spark Plug T B 8	927	12.09	11,207
62	Oil Detergent Black Label CD-2	4,675	2.39	11,173
63	Washer Pump Univ 12 volt	1,233	8.99	11,084
64	PH3387A Fram Oil Filter	2,485	4.39	10,909
65	Chamois 2.5 Sq Ft V-250	17.97	5.99	10,764
66	EB-1 Gunk Aerosol	4,772	2.19	10,450
67	Pylon 15" Wiper Refills 1015	4,636	2.19	10,152
68	12' B Cable D1x C1 ST612 (CO812MS)	594	16.99	10,092
69	Fuse Asst W Plr 11GFUSA (7GFCD)	5,030	1.99	10,009
70	Top Post Hd Term 1 CD 81018P	10,073	0.99	9,972
71	Fram Oil Fitler PH8A	2,436	4.09	9,963
72	Lee Oil Filter Lf-25	2,557	3.89	9,946
73	Lock-Ease 4-oz Aerosol LE-5	4,532	2.19	9,925
74	Pylon 16" Wiper Blades 1116	4,519	2.19	9,896
75	Chamois 3½ Sq Ft V350	1,113	8.89	9,894
76	GE Silicone Seal, Clear GEC421	2,979	3.29	9,800
77	Mini Triple Gauge Kit 1000	440	21.99	9,675
78	2-gal Gas Flex Sprout 4624	1,605	5.99	9,613
79	Thermostat 400-195	4,359	2.19	9,546
80	Mechanics Creeper W1610-2	636	14.89	9,470
81	Sun Oil Temp-Amp Ga CP7995	325	27.99	9,096
82	Roberk Wiper Bld Refill RR15	4,078	2.19	8,930
83	Universal Truck Mate Blk 711	595	14.99	8,919
84	24" Snowbrush Scraper C810	8,904	0.99	8,814
85	Lock Deicer	7,404	1.19	8,810
86	Champ 8RV15YC48P (8RBL 15Y4 18)	724	12.09	8,753
87	D&L Hand Cleaner 14 oz 01-015	6,768	1.29	8,730
88	14062 15MIN Safety Flare Each	7,140	1.19	8,496
89	CD-2 Oil Treatment Red Label	3,546	2.39	8,474
90	Rain Dance Paste 14 oz 0245N	1,174	7.19	8,441
91	Champ Spark Plug 8 N12YCBP 38	820	10.29	8,437
92	Lee Oil Filter LF-16	2,394	3.49	8,355
93	Wynn Power Str Fld 14 oz 51901	4,148	1.99	8,254
94	Thermostat 400-180	3,769	2.19	8,254
95	Garage Floor Cleaner 28 oz 306M	3,137	2.59	8,124
96	4610 1-gal Gas Can Pulup Spout	2,717	2.99	8,123
97	Gen Elec Glass Seal 54W03	2,411	3.29	7,932
98	RV15YC4 (RBL15Y4) 18 Champ TE*	653	12.09	7,894
99	ACME Tire Gauge A5098L	2,079	3.79	7,879
100	Auto Bulbs 2 on a Card 1157NA	4,933	1.59	7,843
101	A.C. Oil Filter PF-47 PF-40	1,926	3.99	7,684
102	Lee Oil Filter LF-40	1,905	3.99	7,600
103	Plywood Mechanics Creeper	578	12.99	7,508
104	Suntune 3" Face Tach CP7905	233	31.99	7,453
105	2 PK Disposable Fire Ext 1021D	392	18.99	7,444
106	Unbreak Ice Scraper 10" HD95	7,452	0.99	7,377
107	8RV15YC8P (8RBL15Y 12) Champ	607	12.09	7,338
108	Chilton Rep Manual 1984 7325	452	15.99	7,227
109	Sun Inductive Timelit Cp7504	176	40.99	7,214
110	RV15YC(RBL15Y) 12 Champ T B	594	12.09	7,181
111	101-2 Delco Bcycl Tune-Up Kit	816	8.79	7,172
112	T-222SUP HD Shell Pst-Kit 14Z	1,792	3.99	7,150
113	10" Bear Claw Ice Scraper 13536	4,140	1.69	6,996
114	Airguide D1x Auto Compass Lte	536	12.99	6,962
115	Mini-Grease Gun Kit 7000	836	8.29	6,930
116	Wynn Trans Sealer 11 oz 64559	2,864	2.39	6,844
117	Wynn Carb Clnr 113 4 oz 54114	2,854	2.39	6,821
118	DR1976 GM 8 Cy. Dist Cap	1,231	5.49	6,758
119	AS236-12 Prestone Start Fluid	3,396	1.99	6,758
120	58-1260 blk Promo Steer Whl Cvr	2,405	2.79	6,709
121	Lf-1HP Lee Maci Oil Filter	1,461	4.59	6,705
122	194 Auto Bulbs 2 on Card	6,087	1.09	6,634
123	536 BP Turn Signal Flasher	3,505	1.89	6,624
124	Compass 592	1,507	4.39	6,615
125	PF-45 A.C. Oil Filters	1,638	3.99	6,535
126	R44T-8 AC Spark Plug T B 8	536	12.09	6,480
127	4657 5-gal Gas Can Flex Sprout	496	12.99	6,443
128	12A TR3 Resin Glaze Liquid 16 oz	1,291	4.99	6,442
129	Sport Grip Blk 58-0450 500	1,289	4.99	6,432
130	Top post eco term 1 .CD 81038P	6,494	0.99	6,429
131	TK175 GMB CY Tune-up kit	1,340	4.79	6,418
132	1115 Pylon 15" wiper blades	2,915	2.19	6,383
133	SUP-A Super Glue	4,270	1.49	6,362
134	T-75Turtle Zip Liq C Wash 182	2,661	2.39	6,359
135	4-Ton Hydraulic Bottle Jack	452	13.99	6,323
136	Univ Hand Chk Conv Kit 04010	1,105	5.69	6,287
137	A.C. Spark Plugs, B P R45TS-8E	519	12.09	6,274
138	5115 Bardhl AERO Carb&Chok C1n	3,697	1.69	6,247
139	Champ plug T B 8 N12YC (38)	605	10.29	6,225
140	Champ 8RV17YC6BP (BRBL 17yb 37)	510	12.09	6,165
141	SE1250 10 50 AMP Battery Chagr	112	54.99	6,158
142	TLF100 Carb Cleaner, Plastic 15	4,740	1.29	6,114
143	HD40 Unbreakable Ice Scraper 7"	8,854	0.69	6,109
144	7101 Wiper Delay Control	469	12.99	6,092
145	UVL320 20" Wheel Wrench	1,211	4.99	6,042
146	1118 Pylon 18" Wiper Blades	2,739	2.19	5,998
147	GEC463 GE Silicone Seal Black	1,806	3.29	5,941
148	Champ BRJ12YCBP (BRJ12Y 14)	491	12.09	5,936
149	Funnel Super Size 18" Plastic	2,963	1.99	5,896
150	58-0450T 500 Sport Gip Tan	1,178	4.99	5,878
151	58-1260 Tan Promo Steer Whl Cvr	2,096	2.79	5,847
152	LF-24 Lee Oil Filter	1,501	3.89	5,838
153	Super Snowbroom Scraper CC40	1,452	3.99	5,793
154	Auto Bulbs 2 on card 1156	5,264	1.09	5,737
155	ANCO View Pkg WPR Refill 1116	1,334	4.29	5,722
156	TAM63 TMP Silicone 16 oz	3,013	1.89	5,694
157	Brake Fluid Dot 3 12 oz M4412	4,409	1.29	5,687
158	Multi-Serve GRS 3 3-oz Tube 7262	2,186	2.59	5,661
159	PF-35 A.C. Oil Filters	1,416	3.99	5,649
160	1130M Flat Fixer	3,340	1.69	5,644
161	Motorcraft Spark Plug ASF52	3,330	1.69	5,627
162	AS121 Prest Sealer & Stop Leak	3,497	1.59	5,560
163	500 Westleys Bleach Whte 20 oz	2,535	2.19	5,551
164	H4656 Halogen Seal Beam 10 sq	504	10.99	5,538
165	TAM77 Tmp Rubberized undercoat	1,843	2.99	5,510
166	CP7515 Suntune Ind Timing Lite	129	42.69	5,507
167	PH30 Fram oil Filter	1,225	4.49	5,500
168	0861N #7 Rubbing Compound 12 oz	2,401	2.29	5,498
169	AFL-91 Lee Air Filters	1,001	5.49	5,495
170	HD-39 Super Fix-A Flat W Hose	2,380	2.29	5,450

(Continued on page 43)

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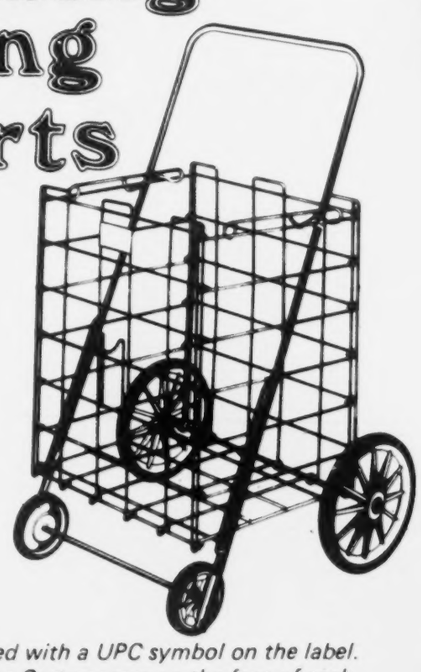

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AUTOMOTIVE

Strong Basics Mix Is Seen Mandatory

Several mass merchants are adding higher-ticket DIY accessories like power sanders, tire inflators and hydraulic jacks, all priced at over $30. But, most chains like Wal-Mart, Bentonville, Ark. (l.), stay with basic high-margin accessories like cloths, touch-up paints and body moldings. Many buyers noted a strong basics selection is mandatory as new car sales were substantially up in 1983 and new owners will predominantly focus on dress-up accessories, instead of replacement or fix-up products, for the first year. Other chains such as Pamida, Albert Lea, Minn. (r.), are also catering to truck owners, stocking a varied assortment of clearance and marker lights, reflector stick-ons and mirrors. *(DSN photos)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	(Continued from page 39)			
171	Lcking Gas CP RX670VP (46108L)	681	7.99	5,441
172	T15 Turtle Minute Wax 18 oz	905	5.99	5,420
173	3512 Johnson Spare Tire W Hose	2,864	1.89	5,412
174	PF-51 A.C. Oil Filters	1,344	3.99	5,362
175	RW815 15" Roberk Wiper Blades	2,438	2.19	5,339
176	2-Ton Hydraulic Bottle Jack	509	10.49	5,339
177	14" Wire Wheel Cover EA 87771	281	18.99	5,336
178	012 Marvel Mystery Oil 16 oz	2,381	2.19	5,214
179	CA20 Snowbrush Scraper	3,264	1.59	5,189
180	SE50M 10 AMO Auto M.F. Bat Chrg	115	44.99	5,173
181	0241N Rain Dance Liq 16 oz	717	7.19	5,155
182	M18-15 Motor Medic 1 15 oz	1,990	2.59	5,154
183	2113-22STP Carb. Cleaner 13 oz	1,910	2.69	5,137
184	AS127 Prestone Super Sealer	1,717	2.99	5,133
185	PB0002 Playboy Blk Air Freshener	5,175	0.99	5,123
186	150 C Rislone Concentrate 15 oz	2,232	2.29	5,111
187	6-Ton Hydraulic Bottle Jack	276	18.49	5,103
188	04001 UnivHand Choke Kit	1,213	4.19	5,082
189	1465 6" Flex Funnel W Screen	1,527	3.29	5,023
190	TK237 GM Combo Tune-up kit	797	6.29	5,013
191	10010 8.26 Autolite Res Plug	418	11.99	5,011
192	SE84 4-Amp Battery Charger	177	27.99	4,954
193	16-oz Armor All Cleaner 30160	2,161	2.29	4,948
194	Quartz RNd Hand held spotlite	309	15.99	4,940
195	CP7602 Sun Induct Dwell Tach	183	26.99	4,939
196	16-oz Armor All Prtc Clnr Twn Pk	580	8.49	4,924
197	6450F C Red Escort CPT TF 104	234	20.89	4,888
198	RN12YC (404) Champ plug T B 4	812	5.99	4,863
199	Pine Tree Car Freshener 50101	8,159	0.59	4,813
200	1118 ANCO View Pkg Wpr Refill	1,121	4.29	4,809

Source: These automotive figures cover the first two weeks in December. They were supplied by Allied Accessories and Auto Parts, Madison Heights, Mich. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount store auto departments.

Two Ways to Make a Hit in Antifreeze

(Continued from page 41)

The chain chose to stock Zerex along with brand leader Prestone, feeling the product's promotional package was strong enough to offer a good value while carrying lower price points than Prestone.

Zerex's retail price drops down to about $1.99 per gallon after a $3 rebate on a two-gallon purchase. Prestone, priced everyday at $4.74, on sale for $3.99, also offers a rebate of $2.50 on a two-gallon buy and runs 25¢ to 50¢ higher per gallon than Zerex.

Zerex margins are as high as 20% while Prestone is frequently sold just slightly above cost, according to Peckham. He also noted it's pretty much a horse race between the two products in sales figures, and added overall unit sales in the category are up over 20%.

The chain has had no problems with delivery so far and the dmm expects strong business through March when sales traditionally subside until summer.

At S. E. Nichols, the chain is offering a private label antifreeze and although margins are about the same as those of the national brand, the discounter is expecting big volume from the cheaper PL.

"Our private label antifreeze is substantially outselling the national brand although there is tremendous sell-through on both. The products are just phenomenal," said Manny Polak, auto buyer for the chain. He predicts at least a 30% gain in antifreeze sales for this year.

The private label antifreeze sells for $3.89 per gallon while the national brand, Peak, retails at $4.39. Although there is an occasional $2 rebate on a 2-gal. buy of Peak, Polak said his customers prefer the immediate savings of PL rather than mailing in a rebate coupon.

Like Bradlees' Peckham, Polak expressed frustration at not being able to anticipate the intensity of the winter months beforehand, and the chain suffered on more than one occasion after selling out of both products.

"We were forced to pull several ads recently because we couldn't get the products," said the buyer.

K mart Dividend

TROY, Mich.—The board of directors of K mart declared a cash dividend of 27¢ per share to be paid on March 12, 1984, on outstanding shares of the corporation's common stock, to shareholders of record on Feb. 17, 1984.

PMA®

PRODUCT MOVEMENT AUDIT

Wheel Covers

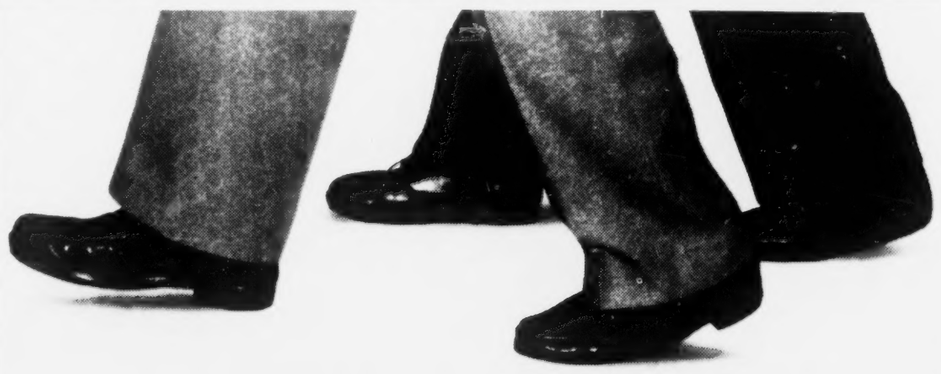
(Continued from page 39)

We have been pushing hard in the last year to develop our import program.

We are currently bringing in mirrors, jacks, antennas, visor mirrors—Hollywood accessory-type items—and are pleased with the results.

One area we aren't pleased to see developing is the move to package oil in narrow-neck plastic jugs.

This won't do anything to stimulate oil sales, and it will hurt the funnel and pour spout business which was an area you could triple up on and make some money.



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Differently Priced Ciggie Segments Get Mixed Results

(Continued from page 3)

luxury packs haven't had any impact, discounters added, because of their newness and lack of strong manufacturer promotions. Additionally, 25-count brands can't be sold in about a dozen states due to tax law regulations, which tobacco distributors are actively trying to change.

Segmentation of the cigarette business reflects the growing decline in total unit sales which, in turn, has resulted in manufacturers trying to expand their sales and market share by capturing volume from competitors. This had led to the introduction over the past three years of various new products, each of which is targeted to a price segment that the manufacturer hopes will cut into a competitor's market share.

Decline in cigarette unit movement is part of the overall drop in tobacco product volume. The only tobacco item showing any growth, according to United States Department of Agriculture monitoring, is snuff, which had about a 5.3% increase to an estimated 46.1 million lb. of production last year.

A K mart merchandiser succinctly summed up the cigarette market by noting: "Sales are flat due to two price increases [last year] and concern about health; generic sales are good because of their price."

Traditional national brands continue to account for the main cigarette action in discount stores, merchandisers said, and all the new products are measured against these lines.

A Nichols merchandiser pointed out that low-tar traditional brands "aren't as strong as in the past," with one indication being that "promotions for low tars aren't going as fast as in past years."

John C. Maxwell of Lehman Brothers Kuhn Loeb Research, who closely observes the tobacco industry, projected that low-tar cigarettes accounted for an estimated 53.2% share of the total market (in units) last year, down 9.5% from a 58.8% share in 1982. A similar decline in demand for low-tar cigarettes previously occurred in Europe, particularly West Germany, other sources reported.

As for generics, discounters described such cigarettes as "doing well," with an Ames merchandiser noting that consumer acceptance "varies by location." A Roses merchandiser explained that generics "were doing better in rural markets than in metro areas."

K mart rolled out generics in all its stores during the past quarter after conducting tests in a number of markets. "There were decidedly different sales in different parts of the country," a merchandiser said, with movement stronger in the south than in California or New Jersey test markets.

The reason may be brand loyalty, with consumers on the West Coast more brand conscious than in Tennessee (a southern test market), he explained.

One factor, however, may be concern about shrinkage, other trade sources opined. Generics sell best when they can be easily picked up from a shelf as an impulse item. Stores in urban markets tend to show generics and other cigarettes in high-security fixtures, a display method that lessens the chance of impulse purchases.

While generics have cut into the movement of brand cigarettes, two newer introductions have been, so far, less successful.

The Ames merchandiser said both 25-count packs and luxury packs are "doing well," while Pamida described 25-count movement as "slow" and luxury packs as "not big."

The K mart merchandiser added that 25-counts "haven't made a major impact" but were selling well enough to continue to be stocked. "There are at least 100 brands and types so that it's difficult for a new cigarette to come out and have a significant impact on the market."

The introduction of 25-count and luxury packs denotes the segmentation under way in the cigarette business.

Twenty-five count packs are sold at the same price as traditional 20-count packs and as such are targeted at customer looking for value—the same group at which generics are directed. The difference between the two types is that 25-counts carry brand names, and manufacturers of these lines don't undercut any brand identity as is the case with generics.

Luxury packs are positioned as upscale cigarettes, with their fancy packaging commanding a higher price than traditional offerings. These cigarettes are seen as an attempt by manufacturers to develop a third price segment, the step-up from low-priced and value-oriented generics and 25-counts and traditional 20-count name brands.

Tobacco Manufacturers' Production

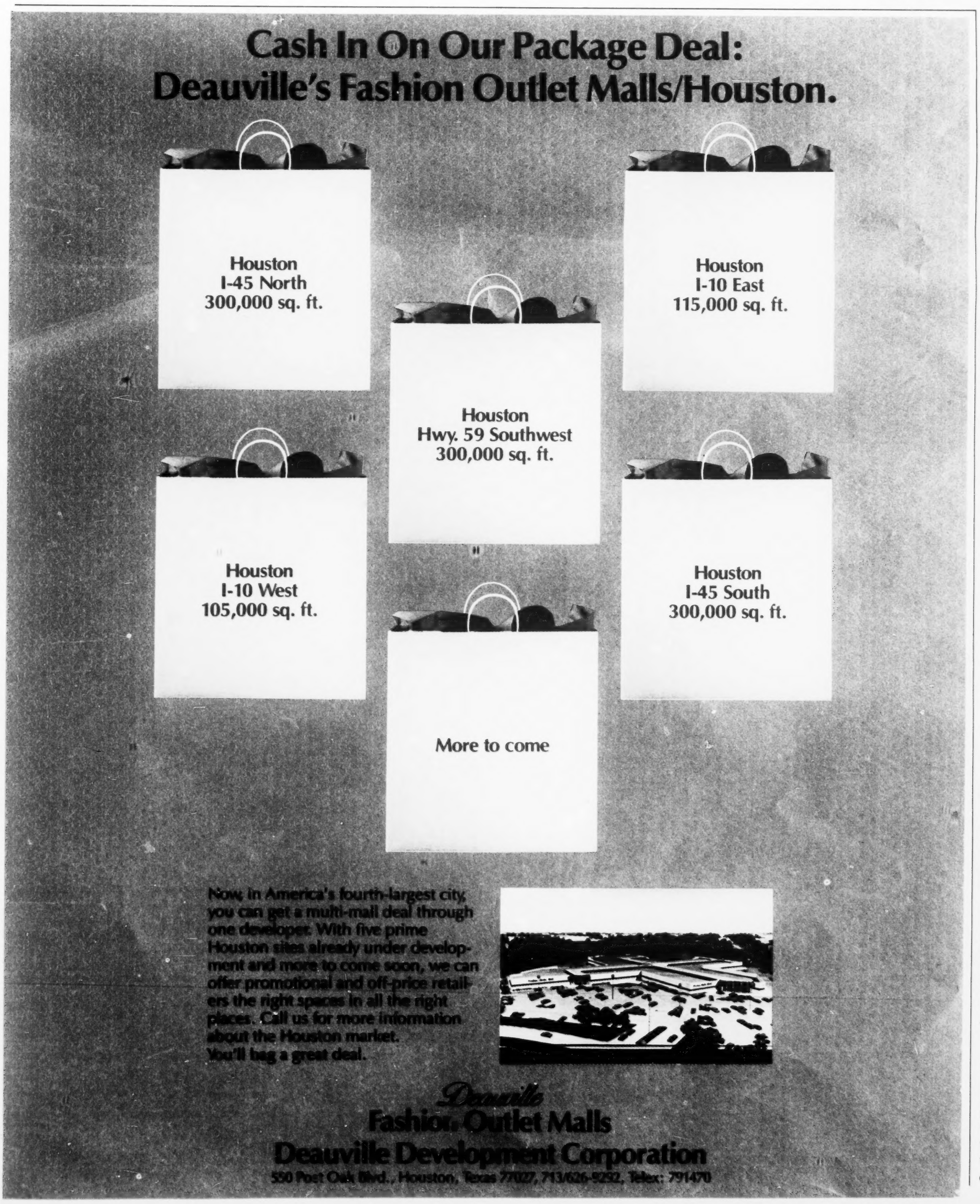
Tobacco Product	1983*	1982	1981	1980
Cigarettes				
Units (billions)	603.0	634.0	640.0	630.0
Packs (billions)	30.2	31.7	32.0	31.5
Large Cigars (billions)	3.6	3.7	3.9	4.0
Small Cigars (billions)	1.3	1.3	1.4	1.4
Pipe Tobacco (million lb.)	32.8	33.6	36.5	37.3
Chewing Tobacco (million lb.)	87.2	90.4	90.0	NA
Snuff (million lb.)	46.1	43.8	42.5	NA

*NA—Not available. *Estimate. Source: U.S. Dept. of Agriculture*

Cigarette Production: Brands vs. Generics

Cigarettes	1983*	1982	1981
National Brands			
Units (billions)	585.5	628.1	637.9
Packs (billions)	29.3	31.4	31.9
Generic			
Units (billions)	17.5	5.9	2.1
Packs (billions)	0.9	0.3	0.1

**National brand figures for 1983 are estimates. Source: U.S. Department of Agriculture; Gary Tobacco*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Gains Are In Snuff, Not Puff

Nationwide DSN Report

Snuff was the only tobacco product to show an increase in production last year, and the gain is believed due to the introduction of Skoal Bandits, a new item that has scored well at discount stores.

A K mart merchandiser said the snuff-like moist tobacco that is packed in a tea bag-type pouch is "strong on a regional basis where this type of tobacco is an important item. It sells best in the South and Midwest and in nonurban areas."

Merchandisers with Pamida, Smitty's and Nichols said sales were "very strong," with the latter adding that "deliveries two or three times a week were needed for the chain's stores to remain in stock."

The Smitty's merchandiser said that so far there wasn't any hard demographic information on Bandits' customers, so he didn't know whether sales were from new tobacco customers or just consumers switching from cigarettes.

The Pamida merchandiser felt the item generated "some new business. Sales were mainly to younger shoppers who switched from other smokeless tobacco. Older smokeless customers have remained with their current brands," he added.

MAGIC, Home Center Shows

See Coverage Inside

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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K mart's new direction in men's wear calls for the chain to move ahead with fashion concepts like the "Casual Living" focus wall unveiled in the prototype store in Sterling Heights, Mich. *(DSN photo)*

In Fashion-Conscious Push:

K mart Hires Coordinator To Refine Men's Wear

TROY, Mich.—Men's wear is getting a shot in the arm at K mart. A fashion coordinator—Wendy Wark—has been hired to help buyers refine a fashion approach to the category.

Bringing in Wark is among the latest efforts by the giant discounter to transform its once basics-only apparel departments into more profitable and fashion-sensitive areas.

In her new role, Wark will concentrate on helping to develop many of the merchandising concepts now being explored at the chain's prototype store in Sterling Heights, Mich. For example, focus walls merchandised along narrow themes—like "California looks" displayed under the "Casual Living" banner—are designed to make a fashion impact.

Wark is the chain's second fashion coordinator—another in charge of ladies' and children's apparel works out of the North Bergen, N.J., buying offices.

Wark says it will be her job to keep the men's, infants' and accessories assortments fresh with the latest colors and fabrics, as well as more coordinated styling.

For starters, she'll direct more blended fabrics and military looks into the men's department. *(See story inside.)*

"Part of my job is to help buyers pinpoint the looks, colors and fabrics to buy so our mix is focused, not overassorted," explains Wendy Wark, newly appointed fashion coordinator for the category at K mart. *(DSN photo)*

Rivalry Heats Up Among Off-price Apparel Chains

Special DSN Report

Competition among off-price apparel chains is hotter than ever.

Giant national chains like Marshalls are planning continued expansion this year as are the newcomers like K mart with its Garment Rack and Designer Depot entries.

Marshalls passed the $1 billion mark in sales last year with a total of about 174 stores by the end of 1983. This year the chain is planning to add 36 stores.

Burlington Coat Factory, with 51 stores in 20 states, went public last year and is set to add 20 stores to its operation by the end of 1984.

Filene's Basement is another off-price chain that reports expansion plans for 1984.

Dayton Hudson's entry Plums, however, remains in a sort of limbo as executives search for a positioning strategy for the year-old off-price chain.

Zayre, meanwhile, pushes ahead with its Hit or Miss chain—targeting those stores for downtown locations—even opening in the Big Apple last year. This year the discount parent of both Hit or Miss and T. J. Maxx is going full force with its new Chadwick's of Boston off-price catalog operation, an offshoot of Hit or Miss.

DSN's first census of the off-price apparel industry is inside this issue.

Federated is upping its bid in the off-price apparel business with its newly spun-off Filene's Basement Store division. The Massachusetts-based chain opened four units in 1983—two of them in enclosed malls, in space freed-up by a reformatting Lechmere.

Not every discounter has given up on the home improvement business. Some like K mart and Fedco (above) have responded to the category by expanding assortments. Others are searching for a fashion-oriented niche to develop in, for example, wall and floor coverings. Both groups will be out walking the annual Home Center Show in Chicago. (See hardware section.)

K mart's not the only discounter redefining its commitment to men's wear. Target and Venture (above), for example, have been experimenting with items like tailored suits and jackets in addition to active looks. This month, discounters will head to Los Angeles and the MAGIC show in search of new ideas and resources. (See apparel section.)

Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

Bruce Allbright

Floyd Hall

IN BRIEF

• **BRUCE ALLBRIGHT, 55, VICE CHAIRMAN AND CHIEF** administrative officer, has replaced Floyd Hall, 45, as chairman and ceo at Target Stores. After almost 10 years with Dayton Hudson—three as the top executive at Target and seven as the head of B. Dalton Booksellers—Hall resigned to become chairman of the board and ceo of the Grand Union supermarket chain.

• **LOEHMANN'S IS LOOKING TO TAKE ITS CUT-LABEL,** ladies' wear off-price concept into three new markets this year: Oregon, Missouri and Oklahoma. At presstime leases on sites were still being negotiated, according to a company spokeswoman. Already this year the chain has opened its seventh California unit in Palm Springs, its sixth Florida store in Kendall, and its first upstate New York store in Albany.

• **AMES IS LAUNCHING A ONE-STORE TEST OF A SEPA-**rate young men's department in a remodeled store in Buffalo. The concept was unveiled March 1. According to soft lines vp Steve Silver, the test involves new merchandise and signing and four circular and five four-way racks devoted to more youthful lines. The next step, said Silver, is a 10-district test for the back-to-school season.

Revamped K mart Evolving; $200 Sales/Sq. Ft. Is Goal

NEW YORK—K mart is set to roll out a new K mart.

The nation's No. 1 discounter is finally putting together various experimental sections tested during the past two years into a new-look prototype. That model will be phased in chainwide during the next three to four years and is projected to produce $200 a square foot of selling space in sales.

One hundred and twenty-six teams handling the revamping are currently in the field and they will use a major portion of this year's $400 million capital budget to start putting the new K mart into place.

The bottom-line gain from the changes is expected to be a half-point increase in hard goods margins and an even higher boost in apparel.

K mart's reconstruction was undertaken to meet the strong and growing competition from upscale discounters and off-price specialty stores. By trading up the mix, store ambience and total image, K mart executives hope to attract more affluent shoppers and to sell more higher-priced goods to its core middle-class and blue-collar customers.

The changes being put into place include:

• A new apparel section prototype in which name brands and designer lines will account for about 12% of the total assortment. Men's and children's wear have joined ladies' apparel in a centralized merchandising program that includes merchandisers at K mart Apparel, the wholly owned North Bergen, N.J., operation that runs the clothing department, taking markdowns.

• Five shop-type areas on the hard goods side of the store that include expanded assortments with traded-up lines. These prototype modular areas now carry such names as Home Electronics Center, Kitchen Korner, Wood & Brass Shop, Home Center and Nutrition and Health Care. The domestics department, meanwhile, includes a Bed & Bath shop.

• A reworking of the midway to spotlight more higher-profit categories rather than lower gross items like waxes and polish. It will first be unveiled this month.

• A sharp cut in the promotional merchandising responsibility of store managers. They will now be responsible for about 150 midway and endcap promotions, rather than the 250 promo areas that will remain a hallmark of K mart's sharp price image.

• An augmented advertising effort with a budget 18% higher than last year. The key move is a four-color tab on Sunday that was launched at presstime to up the flyer promotion frequency to two a week, joining the tab run every Wednesday.

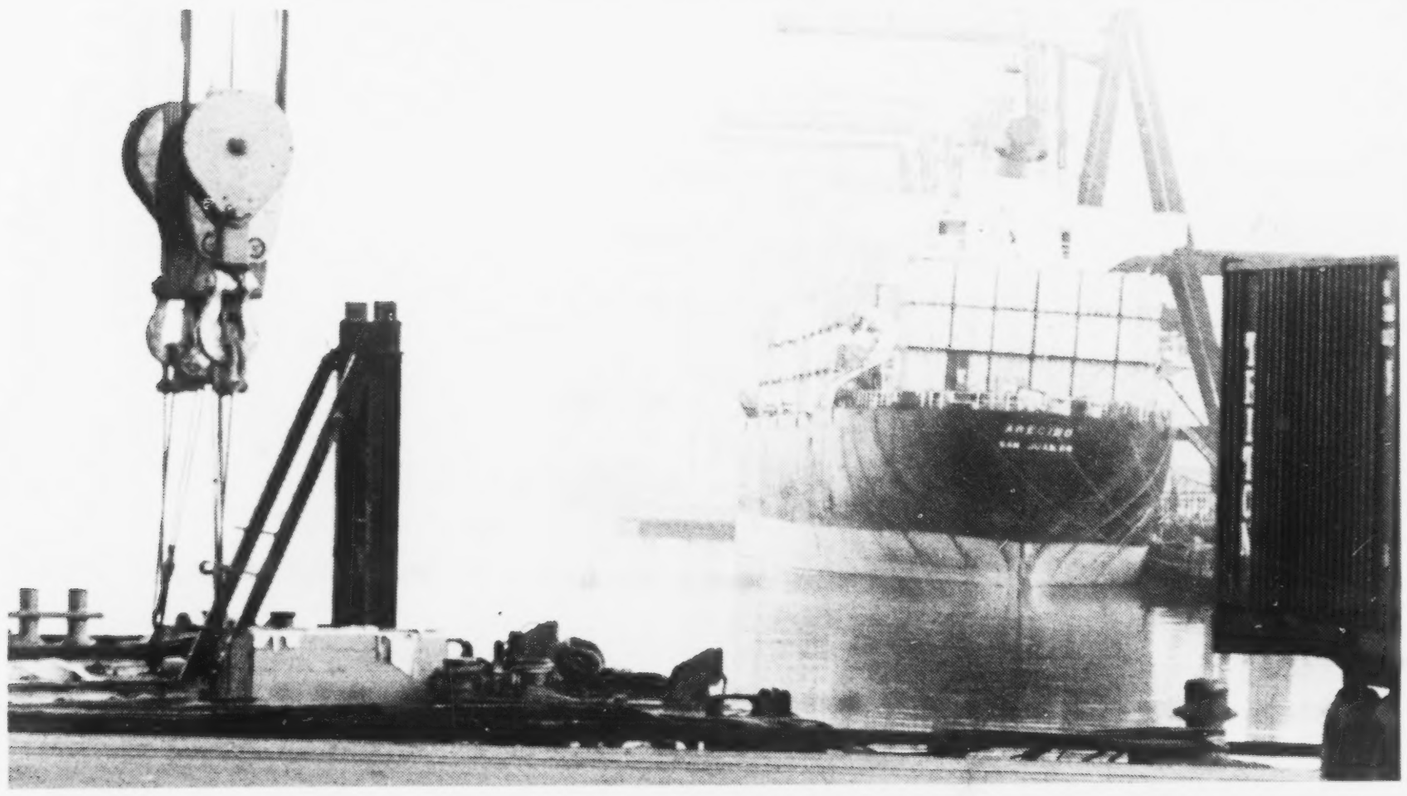
K rnart plays up its tie-in with the U.S. Olympic team on the front of a four-color tab that also features the discounter's new slogan, "We've got it good."

The remaking of K mart was detailed by three top merchandising executives at a Prudential-Bache Securities luncheon in New York. The executives were Norman G. Milley, executive vice president of merchandising and subsidiaries; Frederick M. Stevens, senior vp of sales and general merchandise manager, and James L. Moser, vp-merchandise coordination.

Milley acknowledged that new competition was behind K mart's decision to make changes. "We took a great number of surveys" that showed "we had the price image but didn't have the quality image."

(Continued on page 66)

Counterfeit Imports Making Waves



Bogus High-end Computers Disrupt Market

By BRENT H. FELGNER

Item: After serving the owner of a small computer specialty store with a search warrant, a team of Federal agents and local police swarms over the stockroom, seizing dozens of allegedly counterfeit home computers.

Item: On his return from a vacation in the Orient, an American businessman declares his purchase of a home computer. Customs agents examine the machine and seize it as a counterfeit.

Item: A crate marked "heavy machinery" that has just been off-loaded from an in-bound Taiwanese cargo ship is opened by Customs investigators. Inside they find hundreds of computer chips and components destined to be reassembled in the United States. They seize the shipment after declaring the items counterfeits.

Scenes like these have been repeated time and again in ports around the United States. Hundreds of computers have been sealed in Customs warehouses. But, thousands more have arrived undetected to be sold off the streets, in small retail stores and through ads in computer specialty magazines.

Bogus Apple He's, being sold under different names or no name at all, have been known to sell at retail for as little as $300—less than one-fourth of their legitimate $1,200 price—and offer the capacity to run AppleSoft software.

To date, no full-line or specialty discount chains have been known to deal in the counterfeits—and most say it is unlikely the goods could find their way into their stores. For unlike counterfeit apparel, notably designer jeans and Izod shirts, where retailers didn't always know what they were buying, technology-based products like computers have built-in means to determine if they are counterfeit. For example, infringement of a computer's ROM (Read Only Memory, its internal operating software) can be "read" directly from the computer itself, electronics

(Continued on page 66)

I.T.C. Fingers Discounters as No. 1 Outlet

WASHINGTON—Government import investigators released a fresh trademark piracy study fingering discount stores as the most frequent retailers of counterfeit merchandise in the United States.

Based on a nationwide International Trade Commission survey of hundreds of domestic manufacturers, discount chains were ranked ahead of "flea markets" and "street vendors" as the most common purveyors of bogus goods, agency officials said.

The survey, conducted as part of a 10-month I.T.C. investigation of trademark piracy by foreign counterfeiters, is certain to provide additional ammunition for Congressional supporters of pending Federal anticounterfeiting legislation.

That measure, sponsored by Senate Trademark Subcommittee Chairman Charles Mathias (R-Md.), would grant manufacturers unprecedented new legal power to secure no-warning search and seizure raids against retail stores and warehouses suspected of containing counterfeit merchandise.

"We have worked in good faith and will continue to. This finger-pointing at retailers does nothing to redress the injuries of the real victim of counterfeiting, the consumer," said William Coston, counsel to the Na-

(Continued on page 66)

DSN Digest

March 5, 1984

OFF-PRICE APPAREL CENSUS

• ***DSN*'s first census of off-**price apparel chains finds them bracing for a shakeout, despite enormous expansion in sales and unit count by many industry leaders (section, pp. 27-36). The expansion plans and volume of the leading chains are charted, and Marshalls, No. 1 in the field, is described in depth (p. 27).

HOME IMPROVEMENT

• **Although many discounters** are giving bulky home improvement items like lumber and paneling short shrift, they plan to do a big job with many other items in the field (section, pp. 41-53). Buyers are bullish over pending cost cuts in ceiling fans (p. 41), and heaters (p. 51).

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1983 Sales Jumped For Top Discounters

Nationwide DSN Report

Sales at a group of the nation's top discount chains grew by more than 20% during the fiscal year just ended, bolstered by a spate of new store openings.

Comparable-store gains also continued at a healthy pace.

The combined factors offered supporting evidence that discount chain executives were investing in the rebirth of consumer spending. Overall, the discount chains' results met or surpassed those of several other retail segments.

The volume growth leaders included Ames (up 53%), Wal-Mart (38%) and Bradlees (35%).

Sales jumped to $648 million at Ames, which underwent a large-scale expansion last year with its bid to acquire KDT Industries, owner of the now shuttered King's chain. While final approval of that merger was still pending, Ames reopened 42 former King's under a management agreement with KDT. Most of those openings occurred during the second half.

For the fourth quarter, when the new stores were in full operation, sales climbed 74% to $224 million. Sales stood at $129 million during the same period a year earlier.

Same-store sales increased 16% in the fourth quarter and

(Continued on page 68)

Sales Results (in millions of dollars)

Chain	Monthly Jan. 1984	Monthly Jan. 1983	Monthly % increase (loss)	Yearly 1984	Yearly 1983	Yearly % increase (loss)
Sears Merchandising Group*	$1,596.2[a]	$1,260.9	26.60	$25,089.3[a]	$20,667.1	21.4
K mart	1,062.3	1,004.4	5.80	18,598.3	16,772.2	10.9
Dayton Hudson	399.7	333.5	19.90	6,800.6	5,531.4	22.9
Target	n/a	n/a	n/a	3,100.0[b]	2,412.0	29.0
Household Merchandising*	380.6	384.6	(1.04)	5,306.0	5,310.0	(0.8)
Wal-Mart	331.0	236.0	40.00	4,667.0	3,376.0	38.0
Associated Dry Goods	197.1	159.0[c]	23.60	3,690.0	3,089.0[c]	19.4
Caldor/Loehmann's	70.5	43.6	61.60	1,259.5	898.9	40.1
Zayre Corp.[d]	120.4	96.6	24.80	2,613.5	2,139.6	22.1
Best Products*	n/a	n/a	n/a	2,074.9	1,930.6[e]	7.5
Service Merchandise*	n/a	n/a	n/a	1,458.1	1,195.3	22.0
Bradlees	59.8	45.6	31.10	1,182.0	876.0	34.9
Hills	37.9	31.6	19.90	1,045.0	894.0	16.9
Ames	29.0[f]	17.0	71.00	648.0[f]	423.0	53.0
Jamesway	17.5	14.0	25.00	416.8	332.5	25.0

**Fiscal year ended Dec. 31, 1983. [a]1984 results include sales from Simpson-Sears in Canada, acquired in July 1983. [b]preliminary estimate. [c]1983 results are exclusive of Stewart & Co. and The Diamond, which were closed last year. [d]excludes leased departments. [e]1983 results include full-year sales from Basco and Modern Merchandising, acquired July 1982 and October 1982, respectively. [f]includes sales from 42 former King's Stores operated under a management agreement with KDT Industries, pending approval of merger. n/a—not available.*

Home decor, including wicker, here in Snellville, Ga., will get a boost from Richway's latest plans, which call for soft home and related accessories to win 25% more floor space. *(DSN photo)*

In Domestics, Hardware

Richway Hypos Home-Decor Fashion

SNELLVILLE, Ga.—Richway is focusing on the home decor side of its business.

Changes are under way in the 31-unit chain's domestics and hardware departments to make both areas stronger resources for fashion-sensitive home fix-up items.

In hardware, the changes include introducing a wallpaper assortment and a line of unpainted KD (knockdown) furniture, with the highest price point at $179.99.

In domestics, plans call for the area to be expanded by 25% to allow the chain to merchandise a broader and upgraded assortment of kitchen, bed and bath textiles, rugs, soft crafts, wicker and accessories, according to Ira Bodker, senior vp, gmm, soft lines.

The moves come as the southeastern regional discounter further refines its already upscale image.

Recently, the chain eliminated the high stacks of consumables in front of its checkouts to make the area—and the cashiers—more visible. In addition, it reduced the number of bargain tables in the store, confining them now to a single side aisle near the seasonal department.

(Continued on page 68)

Nader Group: FTC Does Little to Police RPMers

WASHINGTON—In a new report confirming the discount store industry's darkest suspicions, researchers at Ralph Nader's Public Citizen consumer advocacy group concluded that "antitrust enforcement at the FTC . . . has virtually disappeared" as a result of the policies of Reagan Administration appointees.

Significantly, the new Nader study indicates that Federal Trade Commission actions to police resale price maintenance (RPM) violations have experienced a particularly sharp decline since Reagan-appointed FTC Chairman James Miller III took office almost two-and-a-half years ago.

According to the enforcement records compiled by Public Citizen, FTC hasn't issued a single RPM complaint since Miller became chairman at the end of the Government's 1981 fiscal year.

Moreover, during that same period the commission has issued only four consent orders directing manufacturers to "cease and desist" from engaging in resale price-fixing activities, and all four of those were agreed to by the suppliers before Miller took office, the consumer group maintained.

In contrast, during the Carter years (1977-80) FTC implemented a total of 24 formal enforcement actions against firms charged with RPM and other vertical trade restraints.

Although Miller hasn't denied that FTC's enforcement has dropped sharply under his regime commission antitrusters defended their more selective enforcement efforts as "better reasoned" and "more in the public interest."

"Although critics such as Nader believe the commission brings too few cases, many respected scholars believe it brings *too many!*" they said in a rebuttal to the Public Citizen study. "We believe we have achieved the proper balance."

In response to Nader's charge that Miller has virtually eliminated RPM enforcement by the agency, FTC antitrusters released figures indicating that the average number of RPM investigations conducted by FTC during the past two years is more than 40% higher than the annual average during the five years preceding Miller's chairmanship.

Although FTC's Competition Bureau acknowledged that resale price-fixing enforcement actions resulting from these investigations have declined, they attributed this to what they described as a generally low level of resale price-fixing violations by manufacturers.

According to FTC, RPM "prosecutions are somewhat fewer because blatant RPM is rare"—a contention disputed by discount store and catalog showroom industry lobby groups.

Naming Wark Far-reaching Step For K mart

TROY, Mich.—Wendy Wark's recent move from Filene's Department Stores in Boston to K mart headquarters here represents a more far-reaching move for the giant discount chain than for Miss Wark.

Wark's position at K mart is men's wear fashion coordinator, the same as it was at Filene's.

But, K mart never had a fashion coordinator assigned to its men's wear area—and infants' and ladies' accessories which she will also handle—before Wark arrived five months ago. The chain's only fashion coordinator was at K mart Apparel Corp. in North Bergen, N.J., where ladies' and children's wear is bought.

The hiring of Wark to work with the Troy buying team signals the No. 1 discounter's redefined commitment to presenting more of a fashion image in all of apparel—including men's wear.

The first step will be to bring the Troy buying offices up to par with those already established in North Bergen. That is Warks' job.

"I'm not a buyer. I don't walk through a store and say 'There's my blouse' or 'I bought those pants.' I have to be able to say I helped pull this all together," explained Wark.

Part of pulling everything together is to make available to K mart Troy buyers the same services buyers in North Bergen are offered. Thus, she is putting together a reference library of swatches of resources' colors and fashions. In addition she will act as an on-call consultant who keeps abreast of the fashion picture within the chain as well as in the general market.

Since she joined K mart, Wark has been visiting K marts to get a bead on the company's

(Continued on page 8)

"To get everyone both listening and contributing" is the goal of fashion coordinator Wendy Wark, K mart's in-house consultant for buyers of men's wear and infants' and ladies' accessories. *(DSN photo)*

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OFF-PRICE APPAREL CENSUS

The intensified competition among off-pricers is forcing chains—ready to expand into new markets—to create a shopping atmosphere that emphasizes quality, fashion and savings.

Both Filene's Basement (left) and U.S. Shoe's Front Row stores (right) unwrapped dressier looks last year and are planning major expansions during 1984. *(DSN photos)*

Off-pricers Brace For a Shakeout

By KAREN PAXTON

The off-price apparel industry is bracing for a shakeout.

Both executives at off-price chains and analysts who follow the industry noted strong sales gains last year pushed up industry volume about 25%.

At a recent off-price seminar attended by retailers and developers, the consensus was that the total industry sales for last year hit an estimated $7 billion, 6% of all United States apparel sales. Most expect healthy growth to continue to the end of the decade—with off-pricers taking a quarter of the apparel business by 1990.

But, the burgeoning retail segment is going through a state of transition—one that industry executives say will soon lead to the demise of the weaker, less focused players.

Pic-A-Dilly president Steve Jacobs is among those anticipating trouble. He expects a shakeout in early 1985, when the economy takes its usual post-election-year downturn. In that environment it will be harder for some chains to raise money for expansion funds, he said.

Others are even more pessimistic.

Fred Wintzer, a stock analyst with Lehman Brothers Kuhn Loeb, anticipates the first wave of failures will be limited to chains that imitate the major players on a much smaller scale with less know-how.

A second shakeout wave—perhaps five years down the road—will affect the larger chains, Wintzer predicted. By that time aggressive expansions now under way will have forced a market-by-market battle for a slice of the off-price pie.

"The shakeout is starting now," said Stuart Moldaw, chairman of San Francisco-based Ross Stores. "Just look around. People are having trouble now, rethinking their original strategies or struggling."

Rethinking or refocusing marketing strategies at some off-pricers like Plums is blurring the lines that divide a no-frill apparel off-pricer from other promotional stores.

By upscaling both presentation and merchandise, spending 2%-3% of sales on institutional advertising, and using private label as a continuity program, many off-pricers are betraying their off-price roots to get a competitive edge.

Pic-A-Dilly's Jacobs also sees those changes at off-price chains as paving the way for other no-frill retailers—warehouse clubs and factory outlets—gain a share of the apparel business.

"They are all upscaling: Marshalls, T. J. Maxx and Ross Stores," Jacobs said.

"New fixtures and/or better merchandise cost money and lead to higher margins. Soon no one will be a true off-pricer anymore."

One thing is for certain: Today's healthy business gains have off-pricers expanding. Therefore, chains will have to choose one road or another in order to face off against one another in the future.

"I don't expect anymore new players," said Marshalls president Frank Brenton. "It's time for everybody [already in the business] to select a niche and go with it."

Last year, most off-pricers did just that. Marshalls basically stayed with piperacks and bare floors, but added a color scheme and race track to set itself apart from the rest.

Front Row revamped its concept with more of a high-tech presentation, bold signing and large graphics in its superstore format.

Filene's Basement also reached for an upgraded look in two of its stores. The newly spun-off Federated division, which is targeted for growth, could come head-to-head with similar units this year.

K mart's Designer Depot added a more bare-bones Garment Rack concept to balance its more upscale approach in specific markets.

No.1Marshalls Is En Route to $1.3B in 1984

WOBURN, Mass.—Marshalls, the No. 1 off-pricer, sailed past the $1 billion mark in 1983 and is projected to top $1.3 billion by the end of this year.

Already in 30 states with 174 stores, Marshalls will tackle two new states this year: spring openings are planned in Birmingham, Ala., and Seattle, Wash., with two more units set for the latter in the fall.

To maintain its dominance in the highly competitive industry, Marshalls' expansion will concentrate on clustering most of its total 36 new units in existing markets this year.

Rising to the challenge of tough competitors like T. J. Maxx, fancier-looking chains like J. Brannam or Front Row and more recent imitators with newer stores like Ross, Marshalls will also continue to refurbish older stores to its current "Denver look." That year-old prototype, named for the town where it was first tested, features angled piperacks, some rounders, a race track, no dump tables and no carpeting.

(Continued on page 29)

Leading Off-pricers, by the Numbers

	Number of Stores			Volume (millions) Last Completed Fiscal Year	Avg. Store Size (sq. ft.)	Merchandise
	1/83	1/84	12/84			
Marshalls	137	174	210	$1,061	30,000	men's, ladies', children's shoes, domestics, jewelry and gifts
T. J. Maxx	86	118	N.A.	490*	23,500	men's, ladies', children's shoes, domestics.
Loehmann's	59	66	76	285*	15,000	ladies'
Hit or Miss	300	375	N.A.	240*	3,800	ladies'
Burlington Coat	31	51	72	240	56,000	men's, ladies', children's, shoes#
Pic-A-Dilly/It's a Dilly	259	253	265	212*	3,800	ladies' only
Syms	11	11	14	189*	23,000-58,000	men's, ladies', children's
Filene's Basement	11	14	N.A.	132*	35,000	ladies', men's, limited children's shoes
T. H. Mandy	11	16	N.A.	84	12,000	ladies', juniors
N.B.O.	11	13	15	80	11,000	men's wear
Ross Stores	8	26	51	80	30,000	men's, ladies', children's shoes, domestics
J. Brannam	30	38	43	75	25,000	men's, women's, children's, domestics
ClothesTime	98	126	178	68.5	4,000	ladies'/juniors
Dress Barn	58	87	110	44	4,600	ladies' juniors
Cohoes	2	2	3	42	25,000	ladies', men's, ladies' shoes
Off the Rax	72	72	N.A.	39	N.A.	ladies'

**DSN estimate N.A.—Not available #Shoes is a leased department at Burlington Coats*

Source: DSN research

OFF-PRICE APPAREL CENSUS

Marshalls: $1.3B in '84?

(Continued from page 27)

While holding to a no-frill presentation, the chain has moved more into current goods, tuned down the percentage of irregulars in most categories and worked to improve its operations over the past year.

A 29% sales gain to $1.06 billion in 1983 from $830 million in 1982 is somewhat smaller than the 34% volume increase reported for 1982 vs. the previous year.

Predictions for an even slimmer 24% volume gain this year indicate executives expect the sales growth to continue to slow.

"With more chains in the off-price business, everybody will have smaller sales gains," explained Frank Brenton, Marshalls president.

While other off-pricers are being forced to select a niche within the industry, Marshalls is sticking to its basic family format that includes ladies', men's, children's, shoes, giftware and jewelry—with only a few adjustments.

"We're still operating with about 60% closeouts," explained Brenton. "The rest is first quality. We are getting away from irregulars, except in domestics. That's the only category where even department stores do well promoting irregulars."

During the past few years, inconsistent supplies of men's and boys' underwear led Marshalls to establish its own "Cadillac line" of no-label items. Otherwise, national brands make up the assortment. After 26 years as an off-pricer the chain now gets 95% of its goods directly from manufacturers and the rest from diverters, said Brenton.

Definite Possibility

One possible presentation change, now being tested in about a dozen Marshalls' stores, is the separation of juniors from the misses assortments. That tactic is used by competitor T. J. Maxx, the industry's No. 2 chain.

The jury is still out on that concept, according to Brenton, who reports simply, "We've found some customers like it and others just don't."

Noting that some 53% of the women in the country are now part of the work force, Brenton said the chain last year began beefing up its efforts in ladies' career wear—particularly in metro areas like Washington, D.C. The business is "wide open, but difficult" explained Brenton, because separates like suits dictate a woman be a "perfect size."

Recent television ads illustrate one way the chain is trying to strengthen its appeal to the working woman. Spots feature a woman wearing a suit and walking through an office, naming Marshalls as the store she prefers to shop.

With the chain's ad budget (2% of sales) now exceeding $20 million, further clustering of stores is expected to increase the benefits. Although strong in TV, about half of that ad budget will continue to go to weekly print ads.

Similarly, operations advancements will also continue to improve Marshalls' bottom line. In the past year, exception reports that spotlight unusual sales activities helped the merchandising staff react more quickly to POS information.

"Only information on items that fall above or below certain norms—15% in either direction—is included in our weekly reports now," said Brenton. "Our buyers and merchandisers can look at about 10% of the paper and find out immediately what the problems are in a store and what the winners are.

"Other data processing systems don't lend themselves to our system of buying, because we can't just replenish items that have sold through."

Noting that the adoption of scanning increased the accuracy of the sales information from 68% to 99% a couple of years ago, Brenton expects the exception reporting system to similarly improve operating efficiency.

A division of Melville Corp., Marshalls' stores average about 30,000 sq. ft.

Plums Still Looking For Right Niche

Dayton Hudson's year-old off-price apparel entry, Plum s, was originally tagged "The Elegant Discounter," but the chain is still struggling to find its focus among the other off-pricers. *(DSN photo)*

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Look who's new on the ShowToons Team!

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HOME IMPROVEMENT

Consumer Intent-to-Buy Survey

% planning to buy a:	of which, . . .% are families rather than single-person households	Age of household head (%)			Type of purchase (%)		
		under 40	40-60	60 and over	first purchase	replacement purchase	extra purchase
Chain saw 4.2	72.9	53.1	30.5	16.4	46.2	34.9	18.9
Power string trimmer 3.1	66.9	49.3	32.4	18.5	52.9	34.2	13.0
Power leaf blower 1.2	55.1	34.7	49.0	16.3	69.6	13.0	17.4
Snow thrower 2.1	59.1	38.6	41.0	20.5	65.1	20.5	14.5
Rider mower 2.6	82.9	55.8	27.9	16.2	39.8	49.1	11.1
Power lawn mower 6.2	70.1	49.1	32.6	18.4	23.4	63.1	13.5
In-ground sprinkler 1.5	77.8	54.0	36.6	9.5	69.0	10.3	20.7
Roto-tiller 1.8	74.0	45.5	33.8	20.8	45.2	34.3	20.6
Garage door opener 3.8	76.3	45.0	31.3	23.8	76.3	9.6	14.1
Electric bug killer 5.1	76.2	54.2	32.2	13.6	85.2	4.9	9.9
Car battery charger 2.8	62.2	54.6	22.7	22.7	41.6	38.9	19.5
Generator 0.8	64.7	58.8	32.4	8.8	68.8	18.8	12.5

Source: Industrial Marketing Research Inc.

Bug Killers, Chain Saws, Mowers Hot

HINSDALE, Ill.—When chains merchandise lawn and garden departments for the spring season, they should gear up for particular sales strength in power lawn mowers, electric bug killers and chain saws.

That's one conclusion of the new quarterly Continuing Consumer Intent to Buy Survey, conducted in 1983's third quarter by Industrial Marketing Research Inc., Hinsdale. A total of 4,225 respondents comprised a high 77% usable response rate. Intent-to-buy is considered a leading indicator of probable market trends, IMR said.

By a wide margin, the garage item consumers intended to buy most was a garage door opener. It was cited by 160 persons, or 3.8% of those surveyed, compared with car battery charger's 2.8% level of mention and generator's 0.8%.

Power lawn mower sales should be largely a replacement business, according to the survey. A whopping 63% of those planning to buy a power lawn mower said it would be a replacement; 23% a first buy, and 13% an extra unit.

Electric bug killers, however, will be attracting hordes of first-time buyers, more than 85%. Chain saw sales would split more evenly: 46% as a first buy, 35% as a replacement and 19% as an extra unit.

Slightly more than half the purchasers of the three leading lawn and garden items are under 40 years old, said the survey, and roughly three-quarters represent families rather than single-person households.

Power string trimmers, rider mowers and snow throwers were the items cited next most frequently by those surveyed. Trimmers were named by 130 persons, or 3.1% of the sample.

Suggesting continued sales inroads that trimmers and snow throwers could make, more than half the planned purchases were by first-timers. Conversely, half the riding mower sales were meant to replace older units.

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That's what made Flair Trim™ sell then, and that's what'll keep Flair Trim™ moving thoughout 1984. For the February through May period alone, over 258,000,000 hard-hitting consumer impressions will be made via national TV and print campaigns.

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The Borders I collection is our first book, featuring a wide variety of traditional, contemporary, juvenile, novelty and sports patterns in widths ranging from 2" to 8". Many coordinate with each other. Also sure to be hits this year are two new additions: Flair Trim™ decorative moldings and Stencil Decor® stencils. The new wood-like premitered moldings are perfect for accessorizing painted, papered or paneled walls, or flush doors and cabinets. Just five SKU's cover all decorating needs. Stencil Decor® is a full line of precut MYLAR® stencils, perfect for decorating walls and furniture.

AND DEALER SUPPORT YOU'LL LOVE.

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Because when Mrs. America comes looking for Flair Trim,™ you better be ready.

For more information on Flair Trim™ decorative borders and moldings, and Stencil Decor® stencils, return this coupon to Printpack, 500 Interchange Drive, Atlanta, Georgia 30378. Or call Gordon Haight, 1 800 241 9084

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Flair Trim decorative moldings & borders

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Youth-Oriented, Active Looks to Highlight MAGIC Show

(Continued from page 7)
will have to reinterpret the styles for their East Coast and Midwest markets and also find room in their stores to feature the youth-oriented fashions.

Both Ames and Hills reported current in-store tests of new presentations in young men's. Richway's soft lines vp Ira Bodker said his chain had broken out a separate buying budget for young men's apparel for the first time this year.

Activewear, which dominates men's, young men's and boys', is still high on merchandisers' lists this year. In active looks for sports participants and spectators, the spring MAGIC show is where discounters plan to get direction on fabrications and colors for the back-to-school season.

Summer goods, bought for immediate delivery to fill in assortments, as well as items for test runs, will be ordered at the show by some buyers.

Ames soft lines vp Steve Silver said goods from the spring MAGIC show could add up to some 15% of his apparel buys for the year. As his chain's focus on young men's and active looks sharpens, he said that California resources' contribution could double to 30% of all apparel categories next year.

This year, goods for tests as well as fill-ins will probably be bought at the show, Silver explained. The show is also considered a good place to buy transitional summer/fall items, he added.

For Zayre merchandise manager Steve Jacobson, the MAGIC show is an opportunity to get "the feel of the young men's market" and find buys of activewear looks that overlap men's, young men's and boys' categories. Zayre is currently testing parachute and camouflage styles in Southern markets, said Jacobson.

Like Zayre's Jacobson, Target senior vp, gmm soft lines Robert Floum is going to Los Angeles to take a pulse of the market more than to place orders. "We use the show to look at trends of the upstairs markets and get an idea of what can be applied to our stores," Floum explained.

He added that the current import situation had forced his chain to place some back-to-school orders early this year. But, like most other discounters, Floum has left room to react to trends he hopes to pick up at the show.

New Designer Depot Section

(Continued from page 7)
K mart's upscale off-price division.

Bed-and-bath departments will be opened in existing and new Designer Depot stores located in high-traffic or densely populated markets where stores can be clustered, according to Donald Abrams, Three D Departments president.

The leased sections will be larger than the 2,500-sq.-ft. domestics departments tested in Designer Depot stores.

Abrams said that his company's bed-and-bath assortment included items for the kitchen—cookware, soft goods and some gifts—in addition to the comforters, sheets, curtains, towels and hard bath accessories included in the Designer Depot test departments.

The Hartford-based Three D Departments reported sales of about $51 million for 1983. It operates some 50 leased departments as well as 28 specialty stores.

Richway Beefs Up Home-Decor Fashion

(Continued from page 6)
All front-of-the-store tables have been removed even though "we know we stand to lose some volume sales without them," according to Jack Heilpern, vp, stores.

Domestics is among the areas benefiting from this refixturing. On March 1st, the bargain tables were removed to make way for gondola fixtures and departmental expansion.

The new fixtures will be 72 in. high, and other runs in the area will be raised to 66 in. A color-ribboned towel wall will be added to the area for focus; new merchandise will also be added, like higher-count percale sheets in linens.

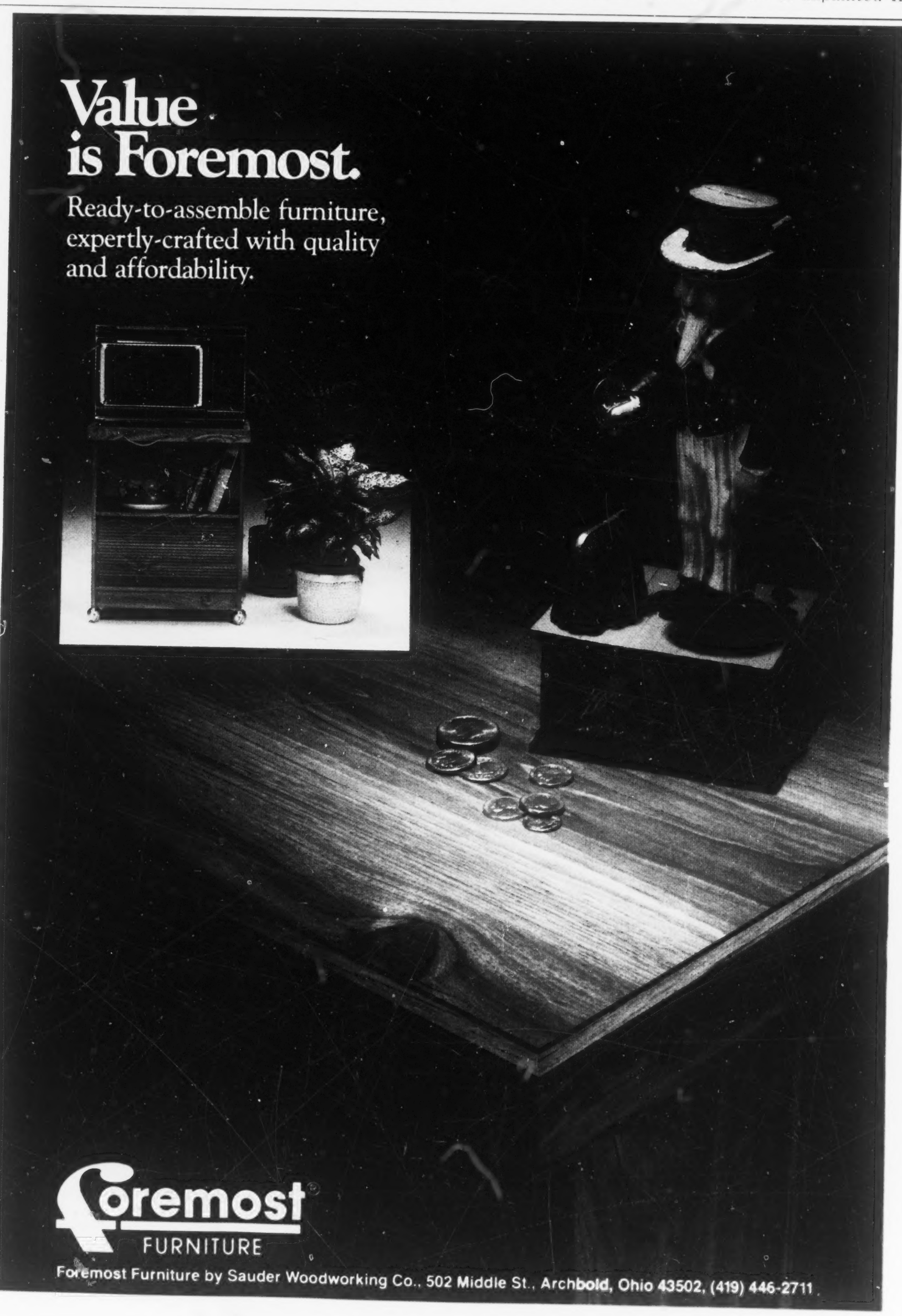
"We're going after more impact and what I think will be a more appealing display," said Bodker.

In hardware, Richway is looking for growth by offering several new decorative DIY product lines.

KD furniture "is a brand new category for us," said Walt Sandlin, hardware and paint buyer. "We're adding seven sku's of unpainted KD furniture—four desks, two cabinets and a chest of drawers." The high end of this line will be a roll-top desk for $179.99.

In the same vein, Sandlin expects to expand his Olympic stain program.

Further additions to the home decor DIY hardware program include a chainwide test of Borden's Walls & All wallpaper line in good-better-best assortments priced, respectively, at $19.99, $24.99 and $29.99 per roll. "This is the only line we carry and we have no plans for another," said Sandlin.



'83 Biz

(Continued from page 6)
14.5% for the year.

In the current year, Ames will continue a brisk opening schedule with 12 new units on the boards and remodels at 24 others, according to chairman Herbert Gilman. The Connecticut-based chain now operates 168 stores in 10 states.

Wal-Mart's ambitious expansion and sales plans came in slightly higher than expected with volume of nearly $4.7 billion and 91 new store openings. As late as the end of the first half, chairman Sam Walton estimated sales would be $400 million less—growing to $4.3 billion from the previous year's $3.4 billion.

The chain's year-end figures don't include volume from its three Sam's Wholesale Clubs and newly launched DOT Discount Drug operations.

Comparable-store sales grew 15%, according to the chain.

Bradlees' southern push into the Washington, D.C., market helped its sales grow to nearly $1.2 billion for the year.

Those 10 openings were buttressed by 11 others in buildback markets.

Comparable stores produced a steady 10% growth over the previous year's $876 million volume.

The nation's No. 1 discounter, K mart, reported an overall sales gain for the year of nearly 11%, pushing its volume to nearly $18.6 billion on the eve of a major merchandising and marketing facelift. Volume stood at almost $16.8 billion in the previous fiscal year.

Only one loser emerged from among the top 10 publicly traded discounters; T.G. & Y.'s reporting division, Household Merchandising, reported a slight eight-tenths of 1% drop in sales for the year, posting volume of $5.3 billion. Sales the previous year were $4 million higher.

Luria To Get Medal

MIAMI BEACH—State of Israel Bonds will present the Israel Prime Minister's Medal to Leonard Luria of L. Luria & Son at a national catalog industry dinner May 30 at the Fontainebleau-Hilton Hotel here.

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MARCH 19, 1984

K mart and Hechinger To Open Warehouse Home Centers Jointly

NEW YORK—K mart made its long-awaited entry into the warehouse home center field by teaming up with a home center specialist, Hechinger, instead of buying an existing warehouse-type operation or starting one.

The discounter and Hechinger, Landover, Md.-based traditional home center chain, jumped into the burgeoning warehouse home center field by launching a joint venture called The Home Team.

Its first three units, about 80,000 sq. ft. each, will open in Chicago this summer, two in ex-K marts and a third in a former Woolco.

K mart chairman Bernard M. Fauber said The Home Team would have to generate $1 billion in volume to make an impact on the discounter's balance sheet. He indicated that this volume would be reached in about three years from about 50 stores.

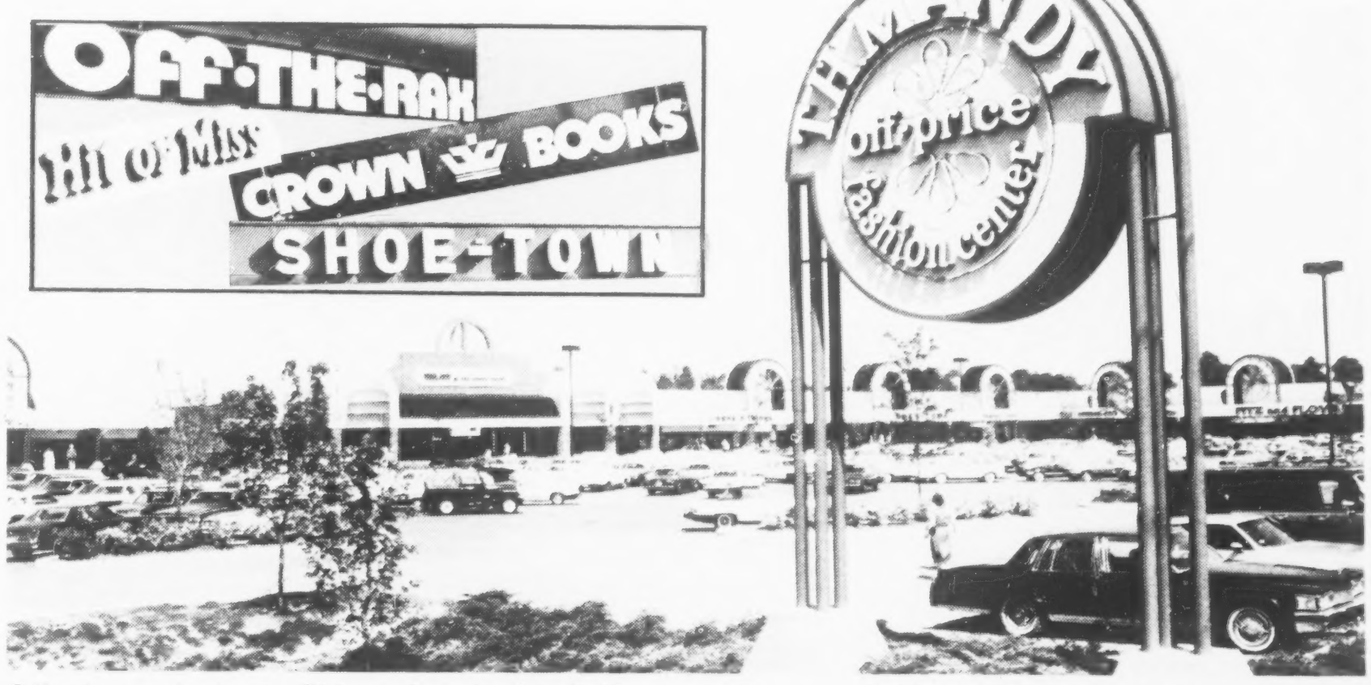
The discounter's undisclosed capital investment in The Home Team would be greater than in the Garment Rack, its recently launched off-price apparel chain, and "I expect in time would be greater than for Designer Depot [which is K mart's major thrust in the apparel specialty store field]," he added.

The Home Team president Stephen E. Bachand, who had been Hechinger's senior vice president, finance, said the new chain's gross margin "would be significantly lower than conventional home centers and higher than the Price Club [a general merchandise warehouse chain]."

(Continued on page 74)

IN BRIEF

- **COOK UNITED CONTINUED ITS RETRENCHMENT BY** closing 41 stores (53 remain) and three warehouses (two remain). At the same time it obtained an additional $12.5 million in bank financing. Also, the banks extended a $20 million revolving credit agreement to April 1986 and waived all payments due this year on a term loan.
- **SEN. DALE BUMPERS (D-ARK.) WILL BE THE GUEST** speaker at the National Association of Catalog Showroom Merchandisers' annual banquet April 8 at the Ambassador West Hotel in Chicago. A member of the Small Business, Appropriations and Energy Committees, he has been cited as a possible Democratic Party candidate for vice president.



Off-pricers cluster in Chicago's suburbs. In Downers Grove, a T. H. Mandy center adjoins recycled Finley Square Mall for a total of nearly 400,000 sq. ft. of off-price retail space. **Inset:** Diversified mix banks on one-stop shopping to draw Chicagoans for apparel, shoes, domestics, housewares, books and eyewear.

Off-price Chains Mushroom, Seek Niche in Chi Suburbs

By AL HELLER

CHICAGO—The onslaught of off-pricers here during the past two years is transforming the suburbs into an apparel battlefield.

At stake is 15% to 20% of Greater Chicago's apparel business—two to three times the national average—which major off-pricers feel they can snare from department and specialty stores in this market.

Problems faced by off-pricers in Chicago typify what's happening in some of the nation's hottest off-price markets, such as parts of Texas, California and Florida, according to off-pricers polled by *DSN*.

The roster of national and regional off-pricers who have blown into the Windy City has roughly doubled since 1982, and developers expect more of the same through 1986. Chain plans confirm this.

[Chicago's retail fervor is affecting many classes of trade. Saks Fifth Avenue and Neiman-Marcus have opened downtown, and Bloomingdale's is coming. This year Mainstreet will land in the city's suburbs, where the K mart-Hechinger venture will concentrate its initial stores.]

K mart's Designer Depot has one 32,000-sq.-ft. store in the Niles suburb and said it would like 10 in the Chicago market. U.S. Shoe's Front Row, with two 50,000-sq.-ft. units here, has agreed to coanchor a planned 400,000-sq.-ft., off-price mall in Rolling Meadows. Northeast Apparel is currently debuting its Show Off and Dimensions stores here. Syms has agreed to purchase a 5.5 acre site for its first venture here, a 71,000-sq.-ft. store set to open

(Continued on page 73)

Doll Outlook Bright, Except For Deliveries

By LARRY CARLAT

NEW YORK—New products and clever marketing of last year's doll winners have discounters only mildly optimistic because the main concern is still, "Can we get product deliveries?"

An interesting "Catch-22" has sprouted as manufacturers asked buyers to place orders earlier to give them more lead time while buyers insisted manufacturers prove themselves before investing megadollars.

Super-licenses Cabbage Patch by Coleco and Kenner's Care Bears were scare, to say the least, and buyers were reluctant to tie up their budgets in products they may never see.

"I'm reluctant to spend another dime with Kenner until they show me they can live up to their commitments," said Heck's buyer Bob Kuhns, speaking for many discounters.

Kenner doesn't disagree.

"We can understand retailers being justifiably wary. This year, we're faced with merchants wanting to make sure we deliver," said a spokesman for the company. He cited difficulties in obtaining plush materials in the Orient and the influx of late orders from retailers as causing the major roadblocks. The company will be better geared to accommodate orders this year, according to the spokesman, and is hoping mass merchandisers will place orders earlier.

"We've seen pressure from suppliers to commit early. I think there will be merchandise on the shelves much earlier this year," said Steve Springer, buyer for Ames. "It's easier to commit this year. Last year I felt we were reacting. This year, both the manufacturer and the retailer have a better understanding of product potential, so we're acting, giving the manufacturer longer lead time."

Several other buyers still questioned an early commitment.

"Just because we place early orders doesn't necessarily mean the manufacturer will guarantee full deliveries," said a West Coast buyer.

If supply problems are solved, most mass merchants see last year's champs continuing their domination.

Although Coleco hiked Cabbage Patch Kids another dollar, bringing the wholesale cost to $23.50, the doll, along with its new entries, is expected to lead the way.

The introduction of Cabbage Patch "Preemies"—infant Cabbage Patchers, ranging in age

(Continued on page 73)

Top Licenses, Trivia, Robotics Help Make Toy Buyers Bullish

NEW YORK—Stepping back into the past and playing with the future are the two trends that will dominate the toy industry this year.

The strengthening of last year's super licenses, along with the introduction of two new categories—trivia and robotics—have discounters feeling upbeat about 1984.

Coming off an explosive Christmas season, many mass merchandisers are entering the year with empty shelves—a relative novelty—and all signs are indicating full speed ahead.

Tremendous manufacturer support is slated for toy staples and new products, and the continued trend of themes behind toys will be positively exploited.

Also, buyers say the largest crop of "quality" new entries in recent years was introduced at Toy Fair. Price points, except for a few distinct exceptions, appear to be stable and viable.

(Continued on page 10)

• DSN • DSN •

Digest

March 19, 1984

BACK-TO-SCHOOL

- **Discounters planning their** back-to-school merchandising are trying to widen the tie-in area to include more consumer electronics and H&BA (section, pp. 35-61).

STATIONERY

- **Cost hikes expected in filler** paper are expected to rub a bit of the lustre from that promotional leader, with an increased push likely for theme books (supplement, pp. 39-54).

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BACK-TO-SCHOOL

30-Year Studies

Writing-Instrument Innovations Hypo Growth; Cost Trends Vary

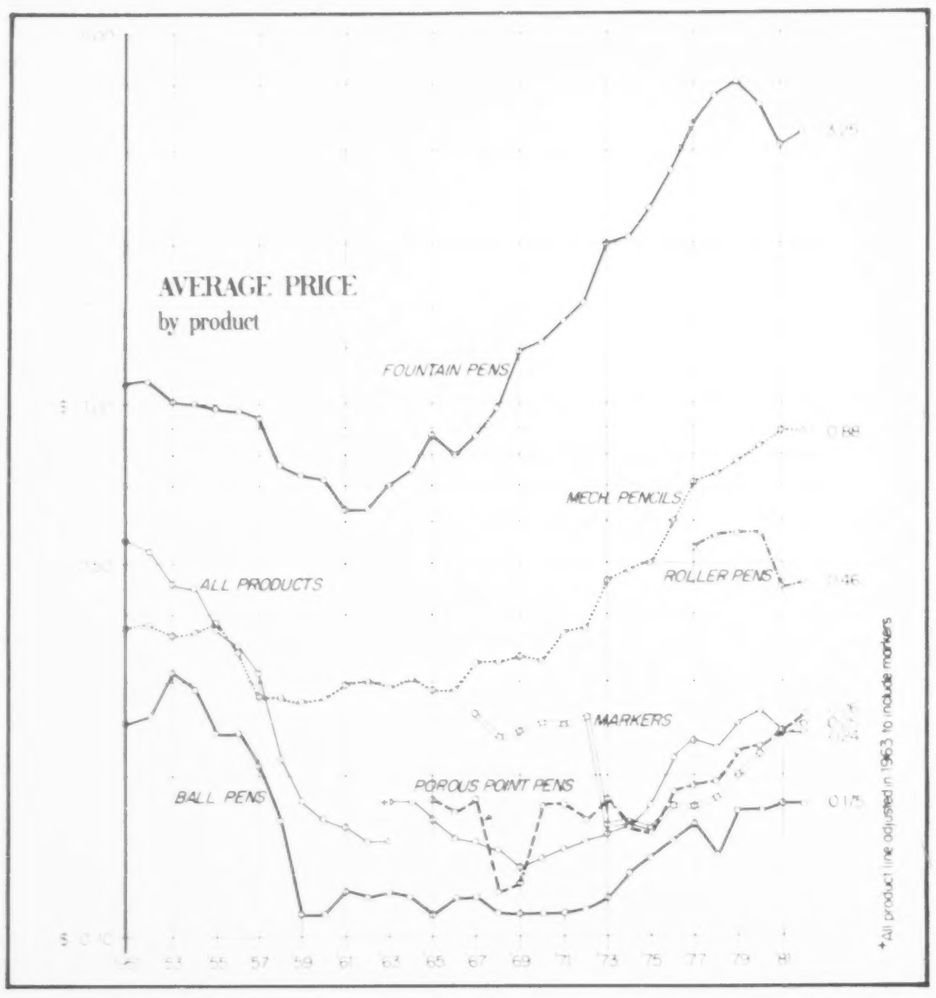
Writing Instruments: Units Shipped by Mfrs. (add 000)

Product	1982	1981	1980	1975	1970	1965	1960	1955
Fountain Pens	9,484	10,850	8,641	7,675	10,152	27,753	48,715	40,817
Ballpoint Pens[a]						1,051,533	761,942	210,708
Refillable	719,610	765,540	791,063	581,920	685,502	—	—	—
Nonrefillable	1,276,000	1,224,000	1,122,600	710,746	700,308	—	—	—
Roller Pens[b]	142,208	147,608	100,620	—	—	—	—	—
Porous-Point Pens[c]					334,492	82,472	—	—
Writing Pens	426,807	470,650	475,930	460,257	—	—	—	—
Colored Pens	135,640	145,230	160,180	105,577	—	—	—	—
Markers[d]	207,320	201,420	206,460	195,665	105,091	75,178	—	—
Mechanical Pencils	77,102	78,306	71,354	56,102	57,800	64,009	60,078	55,804
Desk Sets	2,608	3,521	3,780	2,967	5,587	10,703	4,083	2,283

[a]*Ballpoint pen shipments weren't broken out by type until 1967.*
[b]*Roller pen shipments weren't tracked until 1977.*
[c]*Porous-point pen shipments weren't broken out by type until 1974; items weren't tracked until 1965.*
[d]*Marker shipments were for just thick-line type prior to 1975.*

Source: Writing Instruments Manufacturers Association

Introduction of new types of writing instruments has sparked the growth of the category, as is evident by shipments from manufacturers. Shipment decline in 1982, last available year, reflects impact of recession.



Average manufacturer prices of various writing instruments haven't changed in tandem due to different competitive factors. The average price of all products was adjusted in 1963 to include markers, then a new item. *Source: Writing Instruments Manufacturers Association*

New Pencils And Markers Raise Hopes

Nationwide DSN Report

Discounters are looking to newer items like markers that write in two colors, fluorescent markers and fine-line cartridge mechanical pencils with 0.5 and 0.7mm lead to spark writing instrument sales.

The outlook for such basic, staple items as erasable pens and traditional mechanical pencils, however, is mixed.

The fluorescent markers and markers that write in two colors—a broad silver mark encapsulated by a narrow red outline—scored at a number of discounters last year as impulse checkout items. Offerings from a number of manufacturers have resulted in the product becoming a standard carded item.

A similar situation prevails for the fine-line cartridge mechanical pencil. The new items being merchandised this year include a pencil with a replacement cartridge as a back-to-school promotion.

As for traditional writing instruments, such discounters as Heck's and Fishers Big Wheel are bullish on erasable pens and simple mechanical pencils. Others, like Richway and Danners, are cutting sku's and don't expect any dramatic growth in the category this year form these products.

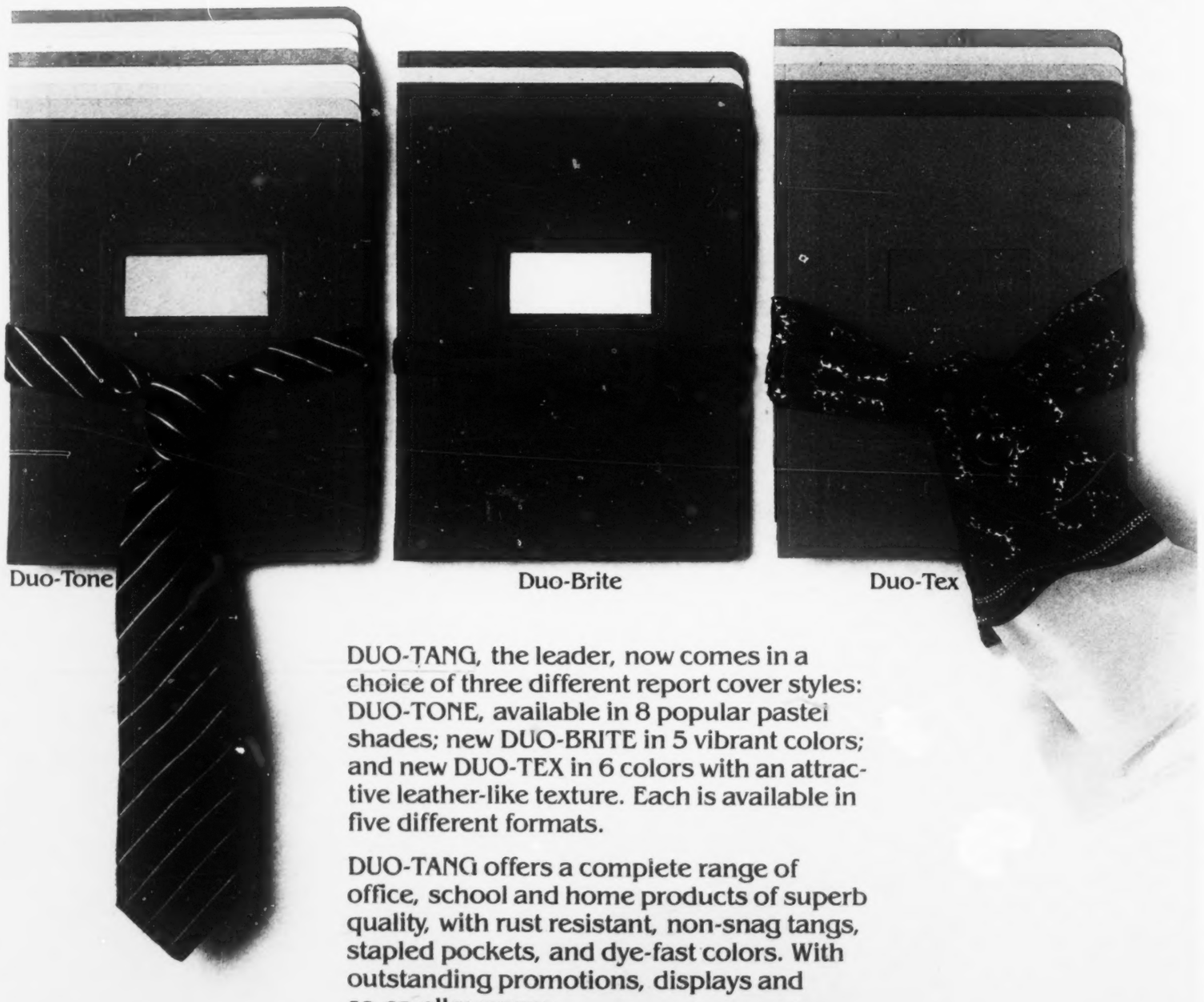
"I'm personally not sure of large growth in the category," said a Richway buyer. "The category is going to grow but not to any great extent." Accordingly, the buyer at the Atlanta-based chain is cutting back its sku's of erasable pens from three to two.

It is also looking to BTS to promote such items as 10-packs, which sell every day for $2.

In contrast, Danners is maintaining its six sku's of erasable pens, which sell every day in 3-packs for 89¢.

Gold Circle is similarly bullish on erasable pens, promoting them on three separate occasions in late August and early September. While this year's promotional prices haven't been set, the pens were advertised last season at three for $1.50.

The latest in REPORTWEAR



DUO-TANG, the leader, now comes in a choice of three different report cover styles: DUO-TONE, available in 8 popular pastel shades; new DUO-BRITE in 5 vibrant colors; and new DUO-TEX in 6 colors with an attractive leather-like texture. Each is available in five different formats.

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IN BRIEF

• **WAL-MART PRESIDENT JACK SHEWMAKER DID IT AT** one of the stores. Last year, when the stock price hit record highs, vice chairman Dave Glass did it for employees at the company's headquarters. But chairman Sam Walton (above) saved his hula dancing for Wall Street. His exotic performance was also prompted by an employee challenge: What will you do if we do something incredible—like get pretax earnings up to 8% of sales? Which they did in 1983.

• **LECHMERE WILL RECYCLE A FORMER 85,000-SQ.-FT.** K mart in the Woburn Mall in Woburn, Mass., as one of the two new stores it will open this fall. The other will be a new 88,000-sq.-ft. store in Seekonk, Mass.

• **IS ALEXANDER'S, WITH 15 STORES IN THE METRO** New York area, due for a real estate play? The Texas-based Bass group at presstime increased its stock holdings in the chain to 9.5%, reportedly because of its attractive real estate holdings

Profit Gains Outdo Sales Rises As Discounters Report Big '83

Nationwide DSN Report

Like the song goes, it was a very good year for most major discounters, catalog showrooms and conventional department store chains that have discount arms.

Fourteen such retailers that have reported their 1983 results chalked up income gains ranging from 18.7% for Dayton Hudson to 89.6% for K mart. (Lionel, the 15th chain tracked by *DSN* that reported fiscal results, was operating in Chapter 11.)

These impressive earnings came on much smaller sales gains that still ran a healthy gamut: from 8.7% for Pay Less Northwest to 38.2% for Wal-Mart.

Retail stocks slide. P. 2.

Key to the strong bottom-line showing was a small but significant boost in gross margins for most companies; a similar improvement in controlling costs so that S.G. & A. as a percentage of sales declined in many instances, and sharply lower interest expenses as chains borrowed less for merchandise and slowed down their expansion in the face of the weak economy.

Sales figures were reported for 21 retail operations: the 13 retail firms; seven discount store and apparel specialty store chains operated by five of the retail firms, and Lionel.

Wal-Mart's leader-of-the-pack 38.2% sales gain was

(Continued on page 4)

K mart's 89.6% Tops Income Hikes

Company	Sales (add 000) 1982	1983	% Change	Net Earnings (add 000) 1982	(as % of sales)	1983	(as % of sales)	% Change (of dollar earnings)
Associated Dry Goods	$ 3,188,858	$ 3,717,827	16.6%	$ 78,414	2.5%	$115,520	3.1%	47.3%
Caldor; Loehmann's	925,000	1,288,000	39.3	N.A.		N.A.		
Dayton Hudson	5,660,729	6,963,255	23.0	206,716	3.7	245,457	3.5	18.7
Target	2,412,400	3,118,400	29.3	N.A.		N.A.		18.0
Mervyn's	1,335,800	1,688,900	26.4					
Federated Dept. Stores	7,698,900	8,689,600	12.9	142,400	1.8	172,700	2.0	21.3
Gold Circle; Richway	N.A.	N.A.		N.A.		N.A.		
Heck's[a]	399,283	435,056	9.0	5,831	1.5	9,554	2.4	63.8
K mart[b]	16,772,200	18,597,900	10.9	256,900	1.5	487,200	2.6	89.6
May Co.	3,653,900	4,211,800	15.3	141,700	3.9	187,000	4.4	33.1
Venture	680,300	794,000	16.7	N.A.		N.A.		
Pay Less Northwest	784,704	852,937	8.7	19,375	2.5	24,721	2.9	27.6
Roses	661,903	829,286	25.3	11,559	1.7	21,886	2.6	89.3
Stop & Shop	2,341,874	2,790,799	19.2	34,823	1.5	50,801	1.8	45.9
Bradlees	871,636	1,182,815	37.2	50,454	5.8	80,460	6.8	59.4
Wal Mart	3,376,252	4,666,909	38.2	124,140	3.7	196,244	4.2	58.1
Zayre Corp.	2,139,616	2,613,667	22.2	35,176	1.6	61,426	2.4	74.6
Zayre[d]	1,615,999	1,902,146	17.7	55,059	3.4	90,847	4.8	65.0
Hit or Miss/T. J. Maxx[e]	523,617	711,521	35.9	46,945	9.0	54,768	7.7	16.7
Service Merchandise	1,195,283	1,458,098	22.0	31,569	2.6	44,869	3.1	42.0
H. J. Wilson	458,178	514,408	12.3	5,596	1.2	8,754	1.7	56.4
Lionel[f]	296,062	295,758	(0.1)	(51,129)		(6,855)		

[a]Heck's 1982 earnings don't include one-time gain from sale of some specialty operations. [b]K mart's income is from retail operations. Equity in income of insurance operations boosted earnings in 1982 to $261.8 million and in 1983 to $492.3 million. [c]Bradlees' earnings are operational income. [d]Zayre earnings are operational income. [e]Hit or Miss T. J. Maxx earnings are operational income. [f]Lionel is in Chapter 11. Losses are after provisions for store closings, bankruptcy administrative costs and other expenses. N.A. = Not available

Source: DSN research

Discounter Of the Year Voting Opens

NEW YORK—Voting for the Discounter of the Year is now open.

Discount Store News readers are invited to cast their vote for one of the four dis-

See ballot, p. 4

counters nominated by the *DSN* staff for leading their companies to an outstanding performance in the last year.

This year's nominees for the annual award are Bernard M. Fauber, chairman of K mart; Herbert Gilman, chairman of Ames; Arlie Lazarus, president of Jamesway and Malcolm L. Sherman, president of Zayre.

(Continued on page 4)

CD Tests Catalog Order Desks In Eight Canadian Post Offices

By ARTHUR MARKOWITZ

TORONTO—Consumers Distributing (Canada) has teamed up with the Canadian post office to test catalog merchandising in new, untapped markets.

The retailer, parent of CD (United States), is testing a catalog order desk in eight Canadian post offices as a means of extending its merchandising to new areas, including its "last frontier": small communities that can't support a full showroom.

The test effort is called Consumer Post, a combination of the cataloger's logo and Canada Post, the name of that nation's postal system.

Canada Post is interested in the effort as a potential new source of revenues, which would come from commissions on the sale of merchandise, to help reduce its deficits.

While CD wouldn't disclose the commission, an executive said it would be higher than the 1% to 2% charged by bank cards.

He said selling merchandise through Canada Post could generate up to $500 million (Canadian) in sales and that the commissions would make that Government agency "one of the most profitable retailers in Canada." The traffic count for the entire Canadian postal system is 250 million customer visits a year, although Canada's population is only 25 million.

CD has devised a simple but sophisticated system for selling goods through the Canada Post outlets. The cataloger has placed a catalog order desk, which is also used in its showrooms, in each of the eight post offices. Customers fill out an order form and pay for the goods at the post office and then return two days later to pick up the merchandise.

The post office telexes a copy of the customer order to one CD warehouse that has been dedicated to handle merchandise for the test.

Besides placing a catalog order desk, which takes up about 10 sq. ft., in the eight post offices, CD has distributed its spring mini-book and a direct-mail promotional piece to consumers in markets surrounding the outlets and plans to run newspaper and radio ads promoting the test.

(Continued on page 78)

Digest

April 2, 1984

ANNUAL PRODUCT MOVEMENT AUDIT

• **DSN's 10th annual PMA, in** addition to pinpointing the top hard-line movers of 1983, gives distributors' views on trends for '84:

Automotive: pp. 55-56
Consumer Electronics: p. 68
Hardware: pp. 35-38
H&BA: pp. 65-67
Housewares: pp.57-60
Sporting Goods: p. 74
Stationery: pp.31-32
Toys: p. 69

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Classified 70-74
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Photo 27

My selection for Discounter of the Year is:

Herbert Gilman, chairman of Ames, has led his company to achieving an almost unparalleled performance record in recent years—including a 60% increase in net earnings in 1983—as Ames, via aggressive acquisition moves, became an East Coast retailing powerhouse.

☐

Bernard M. Fauber, K mart chairman, has directed his company's ambitious diversification and expansion plans that will see the industry's leading chain move into warehouse home center retailing and become a factor in the financial services and restaurant fields, before the year is out.

☐

Malcolm L. Sherman, president of Zayre's nearly 300-unit discount store division, has overseen Zayre's development into an innovative, apparel-oriented multiregional chain whose operating earnings growth last year hit a staggering 65%.

☐

Arlie Lazarus, president of the 79-unit Jamesway chain, headquartered in Secaucus, N.J., has overseen that chain's steadily impressive growth which saw earnings advance 156% through the first nine months of 1983.

☐

Check only one box, based on the nominee's contribution to discounting in 1983, and return to Editor, *Discount Store News*, 425 Park Avenue, New York, N.Y. 10022, on or before April 30.

Balloting

(Continued from page 1)

In 1983, the award was won by Harold Frank, chairman of Bradlees.

The winner will be honored at *DSN*'s annual SPARC (Supplier Performance Award by Retail Category) banquet at the Hyatt Regency hotel in Chicago on Aug. 12.

Also feted during that dinner—which was created to honor the leading suppliers in 18 retail categories—will be the discounter named to the Discounting Hall of Fame.

This year, *DSN*'s nominees for this prestigious award are Sol Price, founder of the Price Club and the now-defunct Fed-Mart chain; John Geisse, the driving force behind the Target and Venture chains, and founder of The Wholesale Club, Harold Frank, chairman of Bradlees, and Lucius Harvin Jr., former chairman of Roses Stores.

Hall of Famers are elected by a vote of the chief executive officers and presidents of the country's discount chains.

Big '83

(Continued from page 1)

closely followed by volume increases at such other discounters as Bradlees, 37.2%, and Target, 29.3%, while the Caldor/Loehmann's discount division of Associated Dry Goods had a 39.3% jump, and the Hit or Miss/T. J. Maxx specialty apparel operations at Zayre were up 35.9%.

Gross margin and S.G. & A. figures as a percentage of sales were available only for parent companies and discounters and catalogers that didn't have significant other retail businesses.

These results showed the better retailing performance turned in by the discounters and catalogers along with the conventional department store companies.

K mart, for example, was able to boost gross margin a full percentage point to 27.7% while reducing S.G. & A. by eight-tenths of a percentage point to 23.1%. Service Merchandise added a half percentage point to its gross margin to reach 23.3% although S.G. & A. also went up a half percentage point to 15.2%, a figure that was still among the lowest of any major retailer.

Gross margins were unchanged for Heck's, 24.8%, and H. J. Wilson, 31%, but each reduced S.G. & A., the former by four-tenths of a percentage point to 20.2% and the latter by a half percentage point to 25.1%.

Zayre Corp.'s gross margin dropped four-tenths of a percentage point to 24%, but S.G. & A. was cut by a full 1.3 percentage points to 18.6%.

The improved operations and stronger bottom line of most of the 13 companies resulted in earnings as a percentage of sales rising significantly.

May, parent of Venture, went from 3.9% to 4.4%, followed by Wal-Mart, which went from 3.7% to 4.2%. Other retailers in a similar class were Dayton Hudson, 3.5%, and Associated Dry Goods and Service Merchandise, each 3.1%.

K mart showed the biggest improvement, going from 1.5% to 2.6%, followed by Roses, which went from 1.7% to 2.6%, and Heck's, up from 1.5% to 2.4%.

The discount divisions of parent companies reported only operating income. Here, Bradlees led the way with an increase from 5.8% to 6.8%, while Zayre discount stores went from 3.4% to 4.8%.

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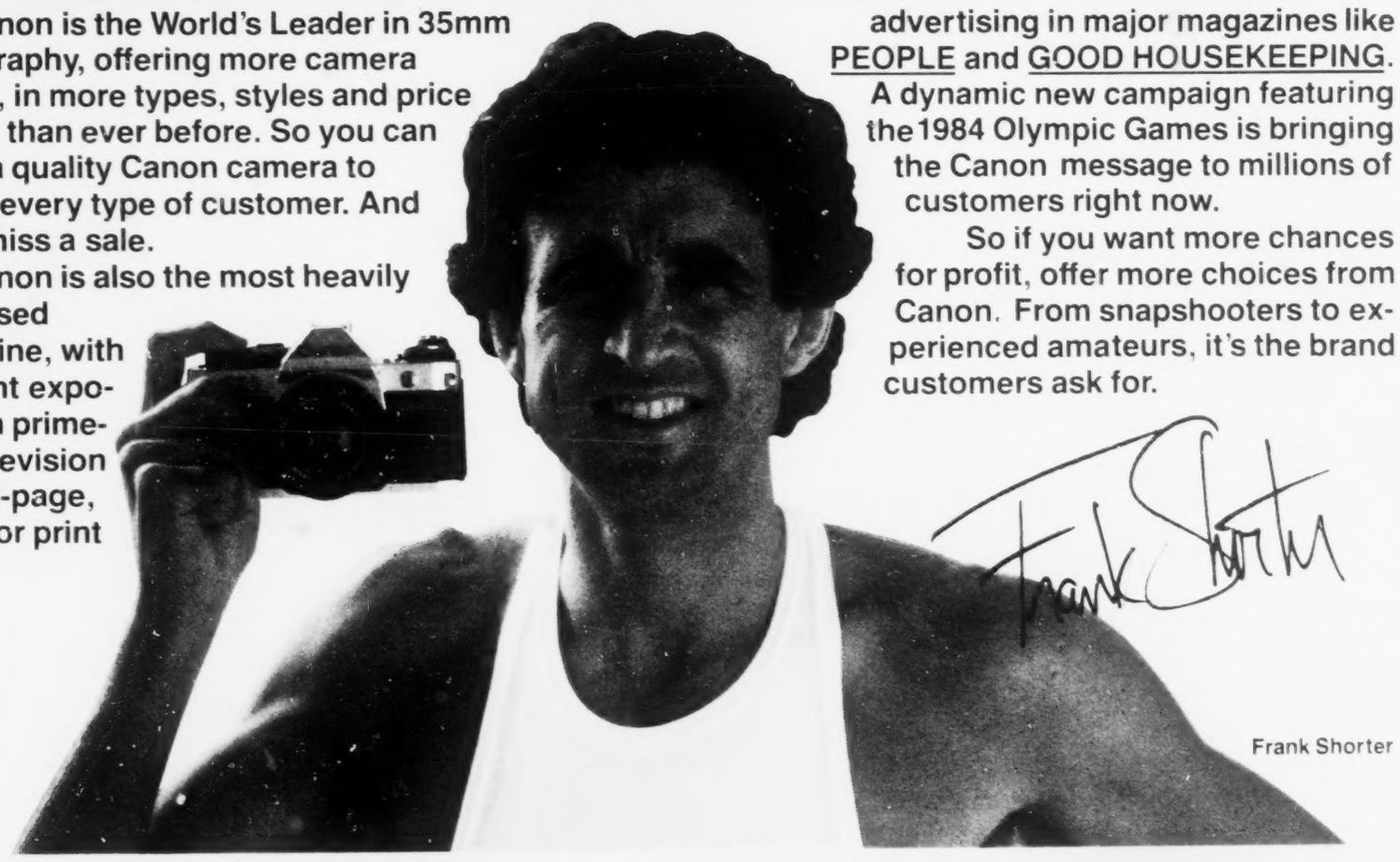


Frank Shorter

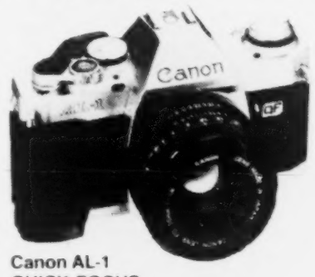
The Canon "A" Series SLR cameras combine quality 35mm photography with the convenience of automatic operation.

Canon A-1

The Canon A-1 is our most sophisticated model, featuring six exposure control modes for unmatched versatility and creativity.

Canon AE-1 PROGRAM

The AE-1 PROGRAM features programmed automation for focus-and-shoot simplicity, plus shutter-priority automation for creative control. The world-famous Canon AE-1 features shutter-priority automation, and



Canon AL-1 QUICK-FOCUS

the AL-1 offers the QUICK-FOCUS system which makes it easy for anyone to get sharp pictures every time.

Canon T50

The Canon T50 is so automatic it even loads itself, and features programmed automation and a built-in power winder at an unbelievably low price! And all Canon SLR cameras can use the full line of over fifty Canon FD wide-angle, telephoto, zoom and macro lenses, plus Canon accessories and Speedlites that add up to additional sales for you.

Canon Sure Shot cameras provide total automation for perfect pictures any time, any

Canon New Sure Shot

place. The New Sure Shot loads itself, and features auto winding, rewinding, auto exposure control, automatic focus and built-in flash. The Super Sure Shot has all these features plus a fast, f1.9 Canon lens.

Canon Snappy 20

Canon Snappy 50

The Canon Snappy cameras are a snap to use but take high quality pictures on 35mm film—like all Canon cameras. With the ease of one-button operation, Snappy loads itself, winds the film after each shot—rewinds it when the roll is finished, sets exposure and has a built-in flash! The Snappy 20 comes in five terrific colors with an f4.5 fixed-focus lens. The Snappy 50 comes in charcoal gray and features an f3.5 autofocus lens. Both come complete with self-display packaging and are priced for high turnover.

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Federated Elevates Norman Matthews

CINCINNATI—Norman S. Matthews has been named vice chairman of Federated Department Stores. He has also been named to the company's board of directors.

Matthews, who has served as Federated's executive vice president since November 1982, will continue to oversee the company's discount and off-price operations—Gold Circle, Richway, Filene's Basement, the Children's Place and Mainstreet—as well as Ralphs supermarkets.

He joins Donald J. Stone and Will M. Storey as vice chairman at Federated. The exec vp post will remain vacant.

Between 1978 and 1982, Matthews served as chairman and chief executive officer at Gold Circle. Previously, he was senior vp and gmm at Korvettes. Between 1971 and 1973, Matthews was vp of marketing and corporate development at Broyhill Furniture Industries, Lenoir, N.C.

10th Annual

PMA

Product Movement Audit

Best-sellers: Past and Future

Nationwide DSN Report

Fitness and exercise equipment will be the driving force in sporting goods during 1984; educational software and computer peripherals will capture more space in discounters' consumer electronics departments, and microwave cookware and accessories will heat up in housewares, according to the trends forecast by distributors with a large discount clientele.

Those are three of the eight major hard lines areas covered by the 10th annual Product Movement Audit for 1983.

The listing offers a detailed glimpse at distributors' leading volume-producing merchandise last year, broken down by department and product category.

But, more than a discounter's version of a best seller list, the PMAs offer insight into the hows and whys of the markets and marketplace.

The distributors supplying the data also provide their analyses of where the segments have been and where they are going in 1984, through their detailed, category-specific commentaries on buying patterns and product innovations.

Both the raw data and the accompanying interpretations should offer discounters a yardstick by which to compare their own 1983 results against those of distributors supplying discount chains throughout wide geographic areas.

The following pages, perhaps more importantly, contain the opportunity for more input in the buying prophesies for 1984.

Trends may include, for example, the continued thrust of new products driving the health and beauty aids market, notably in shampoo and styling mousse; the extended space to be given over to office supplies and fashion stationery, or the invasion of robotics in the toy department.

Shown on this page is a quick-reference to the top movers by their individual departments, based on orders for the distributors cited in each section.

Top Sellers:

CE

Amdek Monitor: 1,524 units/$454,329
Bulk 5¼-in. Disks: 69,213 units/$103,-820
Amdek MAI Board: 130 units/$70,187

Auto

Armor All Protector: 280,059 units/$798,168
Floor Jack: 14,232 units/$792,153
Gumout Spray: 299,498 units/$667,880

Sporting Goods

Remington Shotgun: 1,653 units/$661,183
Marlin Rifle: 2,350 units/$509,927
H & R Shotgun: 7,640 units/$458,324

Stationery

Filler paper wide 200 ct: 381,600 units/$370,152
Filler paper narrow 200 ct: 245,616 units/$238,248
Spiral notebook 70 ct: 425,916 units/$137,833

Toys

Kenner Jedi figs: 297,200 units/$799,-468
Mattel Masters of Universe figs: 146,-000 units/$626,340
Selchow Trivial Pursuit: 17,500 units/$437,325

H&BA

Listerine 32 oz.: 162,798 units/$420,-090
Aqua Fresh Toothpaste 6.4 oz.: 275,-004 units/$349,188
Tampax Super 40's: 135,072 units/$348,083

PMA figures are based on orders placed by retailers with distributors that have many discounter customers.

STATIONERY

10th Annual PMA

PRODUCT MOVEMENT AUDIT

15%-20% Rise Likely in Cost Of Filler Paper

By M. Raymond Prendergast
President,
Boston Distributors

Higher prices for filler paper and theme books, trade-up in the school stationery area, a greater merchandising of fashion — licensed characters, colors and designs — in a number of classifications and continued growth in the office supplies section are the major trends to watch for in stationery this year.

Price increases for basic school paper products, along with the move to traded-up items are first coming on-stream this year; the fashion focus was evident last year and impacted a number of areas tracked on the Stationery Product Movement Audit for 1983.

Price hikes likely to be put through by manufacturers of filler paper and theme books this year will result in costs going up 15% to 20%. Two factors are behind the increases: the marginal profitability of major paper manufacturers last year resulted in producers raising prices in an effort to make more money; additionally, manufacturer costs have gone up due to higher prices for all wood products triggered by the boom in home construction and the increased demand for lumber.

Despite the anticipated higher prices, filler paper and theme books are again expected to be the key items featured in back-to-school promotions this year.

Filler paper was the leading item in total dollar movement of any product in the PMA due to the traditionally extensive use of this merchandise in BTS promotions. This reflects both the basic nature of filler paper and the footballing of this merchandise made possible by the drastic decline in filler paper prices last year which were probably 15% below 1982 levels. (Filler paper prices, in fact, had declined for about five years in a row.)

The outlook for higher filler paper prices this year will see discounters and other retailers step up their use of theme books as an alternative major BTS promotional item. Footballing of theme books isn't as sharp as for filler paper, and the price hikes for theme books still leave discounters more leeway for margins than do the increases for filler paper.

The increased merchandising of theme books was evident in last year's PMA. A 70-count spiral theme book was the top item in unit movement, and

(Continued on page 32)

Stationery & Notes

$ Rank 1983	$ Rank 1982	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Envelope 6¾" 100 Ct	235,680	0.69	102,323
2	2	Envelope Legal 50 Ct	207,788	0.69	90,440
3	5	Envelope Security 80 Ct	22,368	0.89	13,063
4	7	Envelope Security 40 Ct	21,552	0.89	12,571
5	6	Tablet Ruled 100 Ct	23,952	0.89	12,443
6	9	Tablet Plain 100 Ct	16,788	0.89	8,782
7	59	Writing Tablet ½ lb	16,614	0.89	8,442
8	48	Garfield Tablet	10,356	0.99	5,440
9	13	Envelope Press Seal 40 Ct 6¾"	9,672	0.89	5,217
10	16	Tablet Ruled 60 Ct 5 x 8	11,436	0.68	4,346
11	14	Notes—Dec Assorted	5,544	1.19	3,989
12	—	Boxed—Design Color Stationery	3,384	1.69	3,891
13	12	Palette Letters Tablet	5,232	1.19	3,666
14	—	Montag Box Stationery Assrtd #88424	2,280	2.48	3,656
15	—	Montag Box Stationery Assrtd #88430	2,304	1.97	3,165

Typing Supplies

$ Rank 1983	$ Rank 1982	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Typing Paper 200 Ct	78,444	1.49	78,492
2	3	Liquid Correct Fluid White	21,984	0.97	14,023
3	7	Eaton Type Paper Corrasable 16 lb	8,004	2.47	11,561
4	—	Mead Add Calculator Rolls	11,472	1.19	9,107
5	2	Erasable Typing Tablet 40 Ct	15,672	0.99	8,984
6	9	Type Tablet Corrasable	7,584	1.88	7,584
7	5	Typing Tablet 40 Ct	14,580	0.88	6,799
8	10	Carter Expert Correction Tape	8,892	1.19	6,356
9	—	Carter Universal Type Ribbon	4,200	1.68	4,203
10	14	Twin Spool Type Ribbon	2,748	2.19	3,630
11	33	Single Spool IBM Type Ribbon #28	5,004	1.19	3,367
12	12	Mead Carbon Paper Poly Wrap	6,168	0.49	3,051
13	16	Onion Skin Paper 30 Ct	4,512	1.19	2,827
14	19	Twin Spool Type Ribbon #04	1,980	2.19	2,613
15	22	Twin Spool Type Ribbon #02	1,458	2.19	1,926

Tape & Adhesives

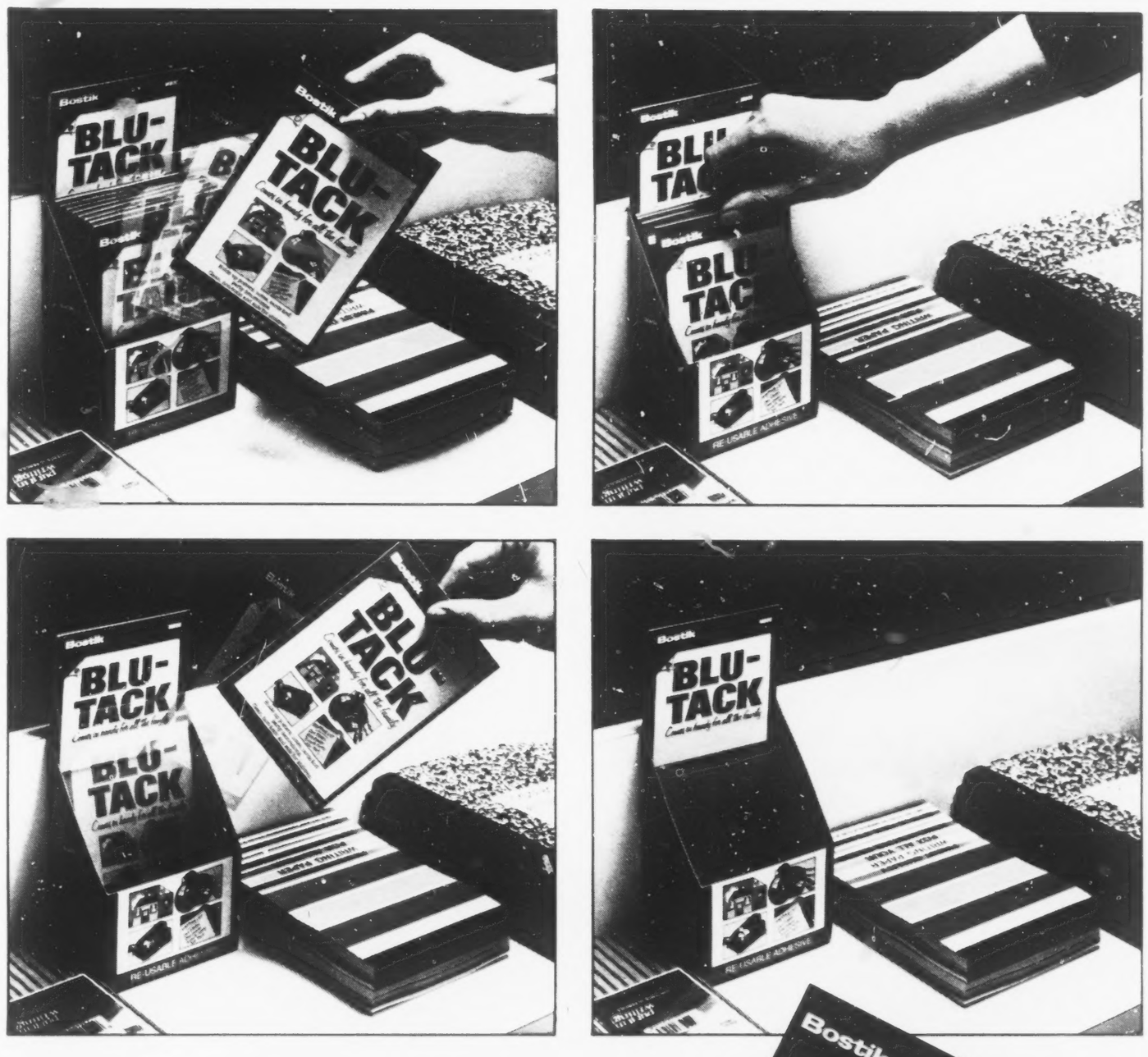
$ Rank 1983	$ Rank 1982	Item	Unit Movement	Average $ Retail	Total $ Movement
1	12	3M 104/105 Tape Display	202,608	0.69	79,049
2	2	Borden Elmers School Glue 4 oz.	80,508	0.59	30,134
3	5	Scotch Utility Tape ½ x 800"	94,608	0.49	27,619
4	1	Borden Elmers School Glue 1¼ oz.	65,472	0.39	16,280
5	8	PK Seal Tape 1½ x 100"	8,352	2.78	15,739
6	24	LePage Transparent Tape ½ x 500"	73,320	0.39	15,421
7	3	Scotch magic Tape ½ x 450"	37,872	0.78	15,250
8	—	3M Sealing Tape	12,960	1.83	15,047
9	7	White Paste 5 oz.	41,820	0.49	12,939
10	10	Scotch Transparent Tape ½ x 110"	20,712	0.88	12,225
11	6	Scotch Magic Tape ¾ x 300"	27,648	0.69	27,648
12	13	Scotch Magic Tape ½ x 800"	16,032	1.19	11,371
13	—	Magic Refill ¾ x 850"	12,432	1.49	11,184
14	—	3M Strap Tape & Dispenser 1100"	8,784	1.88	11,166
15	—	Ross School Glue 4 oz.	40,464	0.49	10,932

School Paper & Notebooks

$ Rank 1983	$ Rank 1982	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Filler paper Wide 200 Ct	381,600	0.97	370,152
2	2	Filler Paper Narrow 200 Ct	245,616	0.97	238,248
3	3	Spiral Notebook Wide 70 Ct	425, 916	0.59	137,833
4	4	Theme 5 Subject Wide 200 Ct	96,480	1.49	89,573
5	7	Trapper Keeper Binder	24,482	4.99	77,179
6	5	Theme 3 Subject Wide 120 Ct	108,192	0.99	65,753
7	6	Mead Varsity Notebook 100 Ct	60,960	1.19	43,712
8	10	Data Center Binder	11,607	4.99	36,680
9	11	EL Report Cover 3 Hole 2 Pocket	157,400	0.39	32,673
10	21	Trapper Portfolio 2 Pocket	117,168	0.39	26,031
11	24	ESS 1½ Canvas w/Clip	15,366	2.56	22,044
12	13	Organizer Board	6,824	4.99	21,230
13	33	Theme 3 Subject College 120 Ct	20,280	1.78	19,827
14	32	Theme 9½ x 6 College 150 Ct	21,936	1.58	19,768
15	—	Spiral Notebook Wide 40 Ct	75,036	0.39	18,933

(Continued on page 32)

BLU-TACK REUSABLE ADHESIVE. THE STATIONERY OBJECT THAT MOVES.



Blu-Tack is the easy to use alternative to tacks, tapes, pins and staples. It'll hold up posters, notes, decorations, snapshots, practically anything without damaging walls, like tacks or pins can.

And soft Blu-Tack will get hold of your customers like no other adhesive. Because it's fun to use. It can be removed, rolled up and used again and again, making it economical, too. Non-toxic and safe for kids, Blu-Tack has hundreds of other uses at home, in the schoolroom or at the office. It's a unique way to complete the stationery lines you already carry. And with the support of our TV and print advertising, it will be the unique item your customers look for.

Call your local Bostik Consumer Division Representative for details about Blu-Tack reusable adhesive. Then tack it on your stationery lines and watch it move.

Bostik
CONSUMER DIVISION
Reading, PA 19605 EMHART

STATIONERY

10th Annual PMA

Office Supplies

$ Rank 1983	$ Rank 1982	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Steno Book White 80 CT	50,832	0.69	19,349
2	2	File Folder System Assorted Hanging	2,424	9.86	14,004
3	5	Telephone Address Book	4,693	4.68	11,858
4	6	Dome Weekly Bookkeeping Record	2,564	7.42	10,013
5	13	File Folders 1/3 cut 12	15,525	1.19	9,992
6	15	Desk Pad Month 22 x 17	2,410	8.00	9,907
7	16	AB Expand File 21 pc 12 x 10 A-Z	3,308	5.76	9,313
8	3	Legal Pad 11" 50 CT	21,096	0.79	9,095
9	7	System Clasp Envelope 9 x 12 25 CT	6,060	1.99	8,302
10	18	Mead File Folders 4813 Cut	3,487	4.28	8,275
11	—	3M Post it Note Pad 3 x 5	23,388	0.68	8,266
12	89	Dome Household Personal Property	3,732	3.98	7,902
13	9	System Clasp Envelope 10 x 13 25 CT	4,860	2.97	7,426
14	—	System Stiff Notebook	7,476	1.78	7,141
15	29	Mead Wire Index Card 4 x 6	11,364	0.99	6,849

Files & Desk Accessories

1	1	Ballonoff File Cabinet 2 Drwr 182WB	493	49.88	15,491
2	—	Essletate McFile Box #40780	1,593	15.97	13,554
3	13	Ballonoff Security Chest #1383	1,379	16.97	13,242
4	12	Ballonoff Security Chest #1387	857	23.98	11,540
5	3	Ballonoff Security Chest #1385	999	17.73	10,861
6	4	Rockaway Cash Box #H260	1,418	11.98	9,230
7	2	Tuf-File #10002	422	28.97	7,707
8	7	Rockaway Security Chest #H300	890	15.97	7,706
9	21	Ballonoff Spr Porta File Fldr #2912T	1,067	12.46	7,491
10	38	Rolodex Covered #S300C	1,422	8.42	6,442
11	33	Rolodex Decorator File #VIP24	878	12.97	6,049
12	11	Rockaway Check File #H280	1,002	10.97	5,855
13	—	Decofile Assorted Colors	3,498	2.97	5,786
14	32	Rolodex Petite Organizer	784	11.48	5,747
15	10	Essletate 2 Drwr Fl Cbnt 14" #40072	198	39.88	5,281

Writing Instruments & Accessories

1	1	Empire Pencils 10 Pack	396,408	0.69	133,789
2	9	Crayola Markers	32,700	1.97	42,847
3	3	Scripto 3 Pack Erasable Pen Blue	39,828	1.39	34,122
4	48	Magic Marker 3 Pack Perm Markers	57,588	0.78	33,263
5	—	Bic Family Pack Pens	32,112	1.69	32,754
6	—	Bic 3 Pack Erasable Pens	38,376	0.99	29,270
7	—	Scripto Yellow Pencil 3 Pack	35,208	1.29	28,322
8	—	Write Brothers 10 Pack	36,360	0.99	24,203
9	—	Bic Biro 10 Pack Blue	34,992	0.99	23,471
10	—	Bic Biro 10 Pack Black	30,096	0.99	19,724
11	—	Scripto Refillable Erasable Pen	24,624	1.19	19,305
12	2	Scripto 3 Pack Erasable Black	19,584	1.39	16,994
13	18	Magic Marker Liquid Crayons Fine	24,336	0.99	16,468
14	14	Mark-a-Lot Black	48,828	0.59	15,753
15	21	Magic Marker Liquid Crayons Broad	22,356	0.99	15,456

Miscellaneous School Supplies

1	1	Binney & Smith Crayola Crayons 24's	104,928	0.99	74,344
2	2	Binney & Smith Crayola Crayons 64's	38,814	2.19	59,830
3	4	Binney & Smith Crayola Crayons 48's	40,914	1.86	50,752
4	—	Trend Stinky Stickers	60,840	0.88	29,634
5	—	Hunt Electric Pencil Sharpener	1,782	13.97	18,782
6	—	Plymouth Stickie Assortment	43,776	0.78	18,149
7	11	Poster Board White	122,800	0.19	16,481
8	10	Swingline Tot Stapler w 1 M Staples	16,128	1.49	15,952
9	8	Swingline Cub Stapler BC	7,939	2.69	15,116
10	7	AHL Scissors Point 4½"	29,208	0.78	12,470
11	—	Classic Stickers Foil	25,920	0.88	12,470
12	17	Swingline Stapler Home & Office	2,490	7.99	12,095
13	15	Binney & Smith Crayola Crayons 16's	18,360	0.88	10,314
14	9	AHL Scissors Blunt 4"	27,204	0.78	10,072
15	13	Hunt Bulldog Sharpener	5,652	2.69	10,067

To enhance customer visibility of boxed and shrink-wrapped basic stationery items, Richway, Snellville, Ga., mass-displays merchandise on angled shelves and pegboard hooks.

Playing Cards & Accessories

$ Rank 1983	$ Rank 1982	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Maverick Poker Carded	52,344	0.97	26,252
2	1	Trumph Bridge Cards	72,576	0.49	18,786
3	3	Bee Cards Poker	11,844	1.69	13,621
4	4	Bicycle Cards Poker	12,240	1.49	13,509
5	6	Maverick Jumbo Carded	11,940	0.99	6,107
6	8	Hoyle Jumbo Poker Carded	6,480	1.37	5,713
7	9	Bicycle Cards Pinochle	5,172	1.49	5,621
8	5	Maverick Pinochle Carded	8,856	0.97	4,531
9	7	Hoyle Poker Cards Carded	4,936	1.38	4,259
10	11	Poker Chip Carded 100 CT	3,456	1.49	3,849
11	15	Hoyle Vegas Dice Carded	6,696	0.97	3,823
12	14	Bee Cards Pinochle	2,724	1.69	3,356
13	19	Kent Double Deck Bridge Card	2,592	1.69	2,325
14	13	Hoyle Pinochle Carded	3,276	1.38	2,893
15	10	Delta Poker Cards	5,088	0.97	2,466

Source: Stationery figures for calendar 1983 were supplied by Boston Distributors, Maple Heights, Ohio. The figures cover 600 stores, including 360 discount stores in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

AGMC Conference Set For May 2-4

WASHINGTON—The Association of General Merchandise Chains will hold its annual finance and information systems conference May 2-4 at the Hyatt Regency hotel in Arlington, Va.

The conference will address such topics as the effects of personal computers upon general merchandise retailing; the implications of the deregulation of telecommunications, and the latest developments in the Universal Product Code.

In addition, the meeting will feature table-top exhibits demonstrating financial and MIS systems developments.

PMA® PRODUCT MOVEMENT AUDIT

Filler Paper

(Continued from page 31)

theme books of various types accounted for four of the top 10 spots, including Nos. 3 and 4.

A reduced focus on filler paper as a BTS promotion last year saw a number of discounters becoming very sharp on the price of the basic 70-count notebook as an alternative promo. A five-subject theme was another hot promotion at under $1.

Discounters' focus on theme books ties in well with consumers' interests. Customers view theme books as a better value than filler paper as a five-subject theme is less expensive in overall value than a pack of filler paper.

The difficulty in obtaining profits from promoted BTS products has resulted in manufacturers this year launching trade-up efforts for this merchandise. Better quality paper; more durable metal spirals, book binders and covers, and heavier-weight platic are cited as the benefits of the traded-up items.

Manufacturers and retailers will both obtain higher margins from the traded-up items introduced during the past two months.

If the PMA is any indication, traded-up items shouldn't face any consumer resistance. In the school paper and notebook category, where the trade-up move is under way, items that carried $4.99 price points scored high in the rankings.

In stationery, fashion shows up as characters, colors and designs on notebook covers, envelopes and stickers; this year will see more licensed characters appearing on stationery products as manufacturers key in on fashion as an important way to distinguish their merchandise from other producers.

Besides school stationery, fashion's greatest impact is on two other classifications: miscellaneous school supplies and stationery and notes.

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2. Transworld 8th Promotional Merchandise Show
May 6-9, 1984 — Brook Hall
San Francisco, California

3. Transworld 37th Housewares and Variety Exhibit
July 13-17, 1984 — O'Hare Exposition Center
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HARDWARE

10th Annual PMA

PRODUCT MOVEMENT AUDIT

Bullish Note: Packaging Is Improved

By ARNOLD REINHARD
General sales manager, Schreiber and Co.

LITITZ, Pa. —Our customers are demanding higher quality power and imported hand tools, and manufacturers have improved the packaging of electrical and plumbing goods and basic hardware and locksets. All that should contribute to an overall sales growth of 10% to 15% in 1984.

Shipping problems, which had hindered sales of such items as Black & Decker power tool accessories, have now been resolved and we should see growth in this area as well.

Power tools is one area where we do see a trend toward better quality. For example, at one time, Black & Decker's 7104 ¼-in. drill was our best seller, but in 1983 it had lost its top-of-the-chart ranking and the ⅜-in. variable reversible drill took over the No. 2 slot, outselling the No. 3 item by more than 2 to 1.

The ⅜-in. drill is capable of running at slow speeds, enabling consumers to do more things, like use it as a power screwdriver or screw remover, as the case may be. The 7104 model, on the other hand, is a straight drill.

In other areas of the category, the sander and router are becoming stronger and stronger because Black & Decker has been promoting them in print and on TV. The two items were 5 and 13, respectively.

Along with its recent entry into housewares, Black & Decker will continue to merchandise the Dustbuster as a hardware and automotive item. The portable mini-vacuum was the No. 1 power tool on the PMA.

Since the No. 2-selling power tool was the ⅜-in variable reversible drill, it follows that several top accessories were drill bits. In fact, four of the top 10 accessories were drill bits or bit sets.

In keeping with Black & Decker's advertising program for sanders and routers, it's not surprising that the No. 8 item was the company's U2499 router bit set.

Last year, we re-evaluated our Black & Decker accessories program and brought the price points lower in line with those of other manufacturers like Howard and Vermont American.

Shipping had also been a problem. Prior to 1983, Black & Decker had been shipping its

(Continued on page 38)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Hardware				
1	Ferm #500 6x8 Shelf Bracket	31,823	0.42	13,365.66
2	Ferm #500 8x10 Shelf Bracket	20,673	0.54	11,163.42
3	USM K110 Pop Rivetool	850	9.84	8,364.00
4	Ferm #500 10x12 Shelf Bracket	8,465	0.86	7,279.90
5	USM 203 Glue Gun	626	11.10	6,948.60
6	Weslock 8108 Coat Hook Brass	5,245	1.16	6,084.20
7	USM 220 All Purpose Glue	1,874	2.24	4,197.76
8	USM S-44 Rivets Steel md	3,580	1.17	4,188.60
9	USM S-42 Rivets Steel Small	3,510	1.17	4,106.70
10	Weslock 850B Window Lock Brass	3,475	1.16	4,031.00
11	USM CD4SD Molly Fastener	3,518	0.99	3,482.82
12	Modern 35118 Galvanized Wire	2,280	1.52	3,465.60
13	USM CD4S Molly Fastener	4,540	0.74	3,359.60
14	Ferm CD556 7½x10 Elk B	2,200	1.50	2,200.00
15	USM K104 op Rivetool	499	6.54	3,263.46
Paint Tools				
1	Hyde 13050 Razor Scraper and Blades	12,210	1.26	15,384.60
2	Hyde 13110 Replace Blades	12,305	1.23	15,135.15
3	Warn 563 Mini Roller Set	6,090	1.22	7,429.80
4	Hyde 10150 Woodscrape 2.5	2,414	2.96	7,145.44
5	Hyde 04100 Putty Knife 1.5	4,725	1.46	6,898.50
6	Hyde 4850 Wall Scraper 6" F	2,450	2.77	6,786.50
7	Hyde 43000 2" Foam Brush	10,696	0.62	6,631.52
8	Hyde 3700 Wall Scraper 4.5	2,710	2.26	6,124.60
9	Hyde 04150 Putty Knife	4,181	1.46	6,104.26
10	Hyde 43050 3" Foam Brush	6,520	0.78	5,085.60
11	Hyde 43585 Hand Sand Kit	1,645	3.09	5,083.05
12	Hyde 02150 Putty Knife 1.5	1,835	2.74	5,027.90
13	Hyde 04400 Putty Knife 3"	2,796	1.77	4,948.92
14	Hyde 10050 Woodscrape 1.5	1,929	2.54	4,899.66
15	Warn 573 Replace Covers	3,470	1.22	4,233.40

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Power Tools				
1	B & D 9330 Dustbuster	2,794	31.83	88,933.02
2	B & D 7308 7¼" Saw	1,948	36.71	71,511.08
3	B & D 7127 Variable Reversible Drill	2,114	27.48	58,092.72
4	B & D 7504 Jig Saw	1,618	18.00	29,124.00
5	B & D 7404 Sander	1,074	26.81	28,793.94
6	B & D 79032 Workmate	335	81.00	27,135.00
7	B & D 7104 ⅜" Drill	981	20.40	20,012.40
8	B & D 9360 Spotlighter	761	26.29	20,006.69
9	B & D 7190 ⅜" Drill Vise	311	40.06	12,458.66
10	B & D 7530 2 Speed Jig Saw	367	27.00	9,909.00
11	B & D 7391 7¼" Circular Saw	180	50.76	9,136.80
12	B & D 7300 5½" Saw	263	25.70	6,759.10
13	B & D 9333 Dustbuster Plus	162	41.30	6,690.60
14	B & D 7600 Router	183	36.00	6,588.00
15	Weller D550PK Soldering Gun Kit	196	29.06	5,695.76
Power Tool Accessories				
1	B & D 73-300 3 in 1 Blade	2,305	7.87	18,140.35
2	B & D U1337 Dial A Blade	1,600	5.71	9,136.00
3	B & D U1670 6-piece Set	975	8.90	8,677.00
4	B & D 71-013 13-piece Bit Set	670	10.95	7,336.50
5	B & D 71-010 10-piece Bit	714	7.96	5,683.44
6	B & D 73-007 Combination Blade	1,714	2.84	4,867.00
7	B & D 73-047 Plywood Blade	1,489	2.97	4,422.33
8	B & D U2499 Router Bits	386	11.43	4,411.98
9	B & D 73-369 7¼" Carbide	475	8.54	4,060.50
10	B & D 71-007 7-piece Drill Set	585	5.87	3,433.95
11	B & D 83-027 Crosscut 7¼"	1,095	2.84	3,109.80
12	B & D 71-382 Mag Bit With Holder	435	6.77	2,944.95
13	B & D 70-436 ½" Drill Bit	560	5.08	2,844.80
14	B & D 70-404 ⅛" Drill Bit	1,928	1.44	2,776.32
15	B & D 73-365 7¼" Carbide	410	61.76	2,772.60

(Continued on page 38)

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HARDWARE

10th Annual PMA

PMA® PRODUCT MOVEMENT AUDIT

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Hand Tools				
1	Arrow T-50 Staple Gun Tack	1,575	16.97	26,727.75
2	Stanley 33-425 25' Tape Rule	1,947	12.85	25,018.95
3	Stanley 33-212 12' Power Rule	2,988	6.97	20,826.36
4	Stanley 11-921 Heavy Duty Blade	14,819	1.27	18,820.13
5	Stanley 33-312 12' Power Rule	1,906	8.80	16,772.80
6	Stanley 10-099 Retractable Knife	4,842	3.38	16,365.96
7	Stanley 59-800 6-lb Maul	615	23.10	14,206.50
8	Stanley 51-518 16-oz Hammer	1,236	11.43	14,227.48
9	Stanley 55-515 Wonder Bar	1,726	7.20	12,427.20
10	Stanley 51-616 16-oz Hammer	2,016	5.90	11,894.40
11	Stanley 30-516 16' Tape Rule	1,574	7.34	11,553.16
12	Stanley 84-121 6a" Long Nose Pliers	2,445	4.60	11,247.00
13	Stanley 34-500 L Tape 100'	974	11.38	11,084.12
14	Stanley 87-368 8" Adjustable Wrench	1,859	5.86	10,893.74
15	Stanley 84-106 6a" Slip Joint Pliers	3,598	3.02	10,865.96
Electrical				
1	Carol 03302 100' Org Ext	2,235	14.86	33,212.10
2	EPAK MOC-6C Multioutlet	1,038	16.80	17,438.40
3	Carol 4170 8½" Cl Lamp	3,238	5.25	16,999.50
4	Genc 12-2-100 Romex Nm	816	19.44	15,863.04
5	Epak Elvt-300WG Pagoda Kt	114	132.68	15,125.52
6	Leviton 801-6671 Dimmer	3,439	4.16	14,306.24
7	Elec Moc 4C Multioutlet	937	15.04	14,092.48
8	Leviton 801-6101 Nightlight	7,465	1.86	13,884.90
9	Genc 12-2-50 Romex Nm	1,199	10.21	12,241.79
10	Leviton 800-274 3 Way Adapter	13,942	0.80	11,153.60
11	Leviton 800-7090PG Knob Socket	4,833	2.15	10,390.95
12	Leviton 800-1215 Ground Outlet	6,675	1.55	10,346.25
13	Leviton 800-6098PG Butt Socket	5,698	1.77	10,085.46
14	Leviton 800-697 Plug Outlet	3,649	2.71	9,888.79
15	Leviton 801-1451I Quet Switch	4,937	1.87	9,232.18

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Plumbing				
1	Melard 1501 Basket Strainer	10,566	1.55	16,377.30
2	Melard 1603 Ballcock Brass	1,319	10.95	14,443.05
3	Melard 3525 Shower Massage	743	17.21	12,787.03
4	Melard 18016 6" Fem X Fem	3,213	3.58	11,502.54
5	Melard 1619 Flapper Ball	7,780	1.41	10,969.80
6	Melard 1600 Toilet Tank Kit	1,578	6.50	10,257.00
7	Melard 360 Executive Head	2,161	4.50	9,724.50
8	Melard 14206 6" Plunger	8,761	1.45	8,761.00
9	Melard 1601 Ballcock Plastic	1,915	4.48	8,579.20
10	Melard 68327 Toilet Paper Holder	1,342	6.38	8,561.96
11	Melard 19012 Sink Strainer	1,367	6.25	8,543.75
12	Melard 361 Guardsman with Adj	1,117	7.48	8,335.16
13	Melard 68321 Towel Bar 24"	891	9.29	8,277.39
14	Melard 1422 Super Plunger	2,420	3.26	7,889.20
15	Melard Towel Bar 18"	887	8.60	7,628.20
Security				
1	Harlock T-700 US Entry Module	5,616	9.84	55,261.44
2	Master 1500D Combination Padlock	9,894	3.29	32,551.26
3	Master 22D Padlock 1½"	8,664	1.82	15,768.48
4	Master 500D Padlock 1¾"	6,252	2.34	14,629.68
5	Slaymaker 95002 Laminated Padlock	6,755	1.85	12,496.75
6	Weslock SV840 Sunray 3x3 Entry	774	15.09	11,679.66
7	Ideal SK600 Knob Lock	1,909	5.88	11,224.92
8	Harlock UDB 920 US3 Sing Pb	935	11.68	10,920.80
9	Harlock UR 700-M-DL US3 Entry	787	13.15	10,349.05
10	Ideal 45-3024 Nite Latch	1,749	5.73	10,021.77
11	Slaymaker 95065 Laminated Padlock	2,784	3.40	9,465.60
12	Ideal SK85 Pneumatic Close	2,060	4.48	9,228.80
13	Harlock UM700 US5 Entry Module	593	15.37	9,114.41
14	Master 7D Padlock 1⅛"	2,255	3.99	8,997.45
15	Master 1D Padlock 1¾"	1,504	5.71	8,587.84

Source: Schreiber Company, Lititz, Pa., for calendar 1983, covering 540 stores, including 450 discount stores in the Northeast, Southeast, mid-Atlantic and North Central regions. Average retail prices reflect typical price points for discount chains.

A *proven* winner, Hyde's "Free Insurance"™ encourages tie-in sales, multiplying the profit potential of every can of paint! Our free brochures work full-time in your paint section, teaching DIYers "How To Do It Right The First Time"™ with complete, easy-to-understand directions. Directions that show what tools and supplies are needed — so customers will buy everything at once, from *your* store!

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Packaging

(Continued from page 35)

accessories poorly but this has improved remarkably.

Last year, it also had a more coordinated program with accessories. Before last year, it had some drills in short cards and others in long ones. Now, its packaging is more standardized. With these changes, the category should grow by 10% to 15% this year.

In hand tools, consumers have also been looking for better quality and imported hand tools have been improved recently. The best groupings in imported tools are slip joint plier tool sets and hammers. The latter cost 20% less than domestic motels. Overall, consumers are looking for value rather than price in tools and they're starting to get that increasingly with the imports.

In security, imported Harlock locksets and Master combination locks continue to dominate the category. The top-selling device, the Harlock T-700 US3 Entry Module, outsold the Master 1500D combination lock by almost two to one, although the latter posted more unit movement during the year. In addition, the Nos. 2, 3 and 4 locks on the PMA were by Masters.

The reason for the Harlock T-700's performance is that chains promote it frequently—the Harlock UR 700-M-DL model is a deadlock and a better lock than the T-700 but we only sold one-fifth as many.

Advertising Strategy

Moving over to stains, we will see growth because of higher-profile TV and print advertising. Companies like Formby are appealing to women and other groups, emphasizing how easy it is to stain furniture. The top seller, the Minwax Poly Satin, is a clear coating and has more uses than a colored stain.

Electrics is another area where manufacturers are educating consumers. Producers are taking the fear out of working with electricity and replacing parts.

They are also color-coordinating cards so it's easier to differentiate parts.

The basic electrical replacement category should grow in sales by 15% this year and by 20% if you include batteries—they are our top consumable item.

Basic hardware, which is also being helped increasingly by color-coded packaging, is also expected to grow this year because some manufacturers like Parker, have facilitated their shipping practices.

Previously, if a chain wanted to reorder, it would have to reorder 10 cards at a time. A lot of chains didn't reorder frequently, even if they were out of something, because they were afraid of having too much inventory on slower-selling items. Now, they can reorder five cards at a time. This should boost turns from three a year to four.

AUTOMOTIVE

10th Annual PMA

PRODUCT MOVEMENT AUDIT

Seat Covers, Spark Plugs, Mats Shine

By HERB RECHTER,
President, Allied Auto Parts and Auto Accessories

In 1983, the bulk of our business was in staple items like under-hood chemicals, waxes and polishes and basic car accessories.

Seat covers, floor mats and spark plugs also continued to be very major items. But, the multiplicity of sku's in these categories makes individual unit sales low. Collectively, they all belong up on the annual product movement chart, as spark plugs, for example, are probably our No. 1 seller.

The performance of such items as the No. 2 ranked, 2-ton hydraulic floor jack—a long-time favorite that still hasn't burned itself out—is indicative of retailer promotional trends, although today the jack only sells on promotion, in the $39.99 area.

On the other hand, creeper sales have slowed. They used to move one on one with ramps, but with sales off the chains have stopped promoting them. The ramp, however, is still a promotional favorite: A pair of one-piece auto ramps ranked 24th this year, with an average retail price of $22.81.

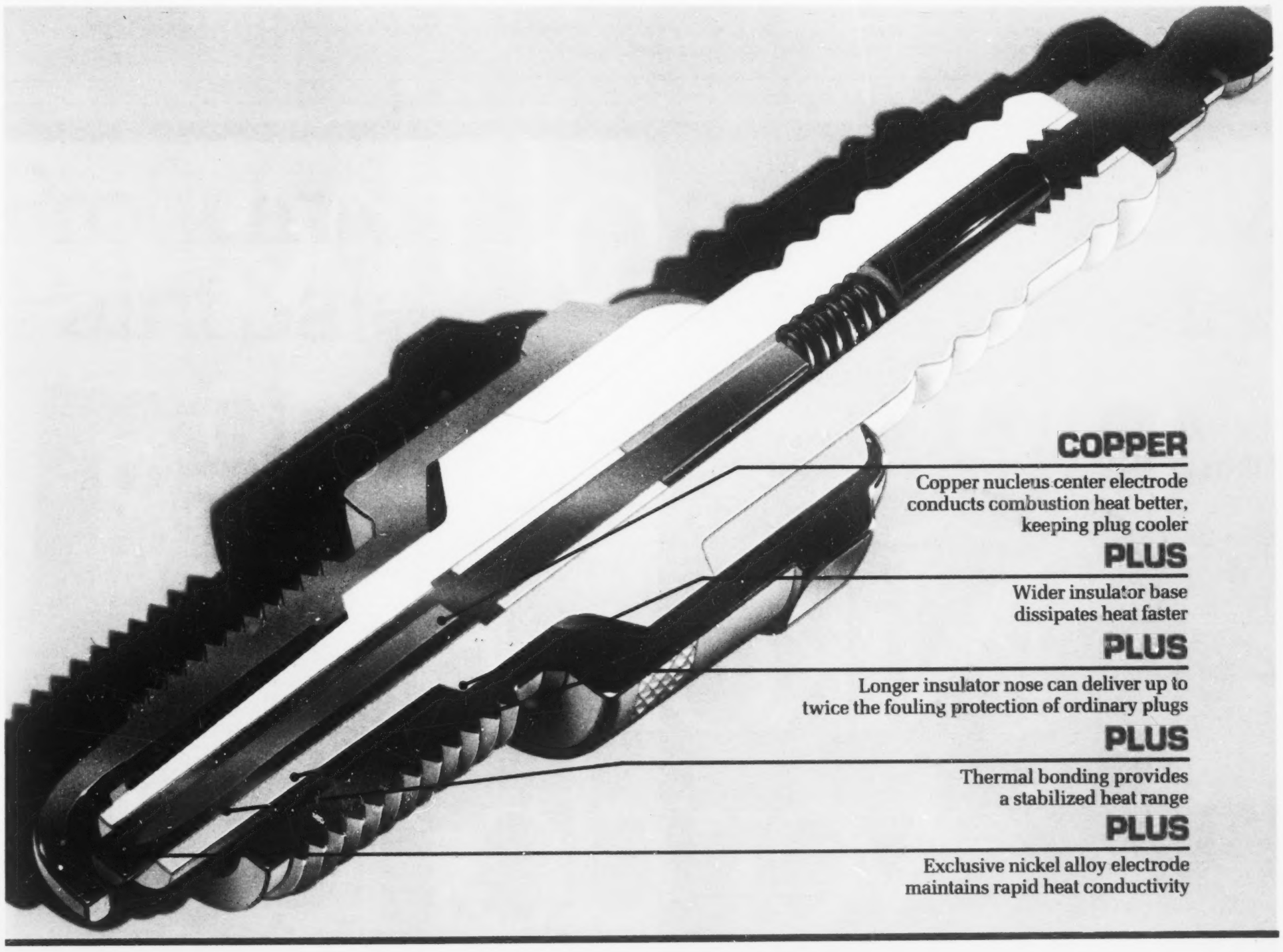
In waxes and polishes, we're seeing a continuation of the movement away from polymer varieties. Rain Dance paste and liquid waxes, for example, ranked five and, 14, respectively, last year and Turtle 18-oz. Minute Wax came in at No. 11.

Basic under-hood chemicals

(Continued on page 56)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	10080 8-oz Armor All Protector	280,059	2.85	798,168
2	2-Ton Hydraulic Floor Jack	14,232	55.66	792,153
3	7450 Gumout Jet Spry 13 oz	299,498	2.23	667,880
4	10160 16-oz Armor All Protector	109,125	5.83	636,199
5	1015-24 STP Oil Treatment 15 oz	300,235	1.89	567,444
6	0245N Rain Dance Paste 14 oz	76,412	7.09	541,761
7	6014 Sealed Beam, Large Round	149,314	3.38	504,681
8	6052 Sealed Beam, Large Square	61,051	8.23	502,450
9	FL1A Motorcraft Oil Filter	122,120	4.09	499,470
10	1001 Freon 14 oz	293,552	1.54	481,425
11	T15 Turtle Minute Wax 18 oz	75,081	5.88	441,476
12	3431 Snowhite Lit 'N Easy Gal	34,353	12.55	431,130
13	TAC39 Instant Spare Inflator	261,720	1.50	392,580
14	0241N Rain Dance Liq 16 oz	55,260	7.09	391,793
15	T-222SUP HD Shell Pst-Kit 14Z	95,497	3.99	381,033
16	4652 Sealed Beam, Low Square	68,610	5.51	378,041
17	10320 32-oz Armor All Protector	42,933	8.57	367,936
18	7518 Gumout Carb Clean 12 oz	187,483	1.88	352,468
19	RR16 Roberk Wiper Bld Refill	148,238	2.31	342,430
20	Air Compressor W Gauge	12,187	27.60	336,361
21	EB-1 Gunk Aerosol	147,363	2.36	318,304
22	1157 Auto Bulbs 2 on a card	279,824	1.12	313,403
23	LF-1 Lee Oil Filter	94,416	3.29	310,629
24	LR81 One Piece Auto Ramp, Pair	13,561	22.81	309,326
25	12 B Cable SLVD	32,296	8.92	288,080
26	100 QR Rislone Oil Alloy 32 oz	104,298	2.73	284,734
27	Quaker State Sup. Blend 10W30	241,108	1.16	279,685
28	A.C. Oil Filters	68,273	4.09	279,237
29	Quaker State Deluxe 10W40	221,898	1.26	279,591
30	AC Spark Plug TB 8	67,874	4.03	273,532
31	13040 4-oz Armor All Protector	162,936	1.64	267,215
32	500 Westleys Bleach White 20 oz	129,708	2.00	259,416
33	Prestone Brake Fl 12 oz	135,270	1.89	255,660
34	T-75 Turtle Zip Liq C Wash	108,252	2.33	252,227
35	Pennzoil Multi-Viz	195,576	1.27	248,382
36	141 Valvoline 10W40	195,168	1.27	247,863
37	C-16 Bars Leak 12 oz	106,466	2.32	247,001
38	RR18 Roberk Wiper Bld Refill	105,864	2.31	244,546
39	Sandable Primer Grey	107,993	2.13	230,025
40	231 Raindnce S RM Fin 1q	35,669	6.31	225,071
41	WD-40 Aerosol 9 oz	107,485	2.09	224,644
42	V-250 Chamois 2.5 sq ft	37,105	5.98	221,888
43	PSF Yale Power Strg Fluid 14 oz	116,067	1.91	221,688
44	1002 Warco Dot Brake Fluid qt	58,211	3.78	220,038
45	AS107 Prest Super Flush/PK12	69,367	3.05	211,569
46	Lf-25 Lee Oil Filter	61,013	3.43	209,275
47	CD-2 Oil Detergent Black Label	87,361	2.38	207,919
48	18 Champ	30,112	6.74	202,955
49	1001 Warco Dot Brake Fluid	137,125	1.45	198,831
50	4624 2 Gal Gas Can Flex Spout	34,484	5.69	196,214
51	R44T-8 AC Spark Plug	35,343	5.53	195,447
52	16-oz Armor All Cleaner	85,129	2.27	193,243
53	A C Recharge Kit Freon	27,014	7.11	192,070
54	8RV15YC4BP(8RBL15Y4 18) Champ	17,074	11.21	191,400
55	3611 Pennzoil Multi-Vis	164,697	1.16	191,049
56	1016 Pylon 16-in Wiper Refills	74,638	2.54	189,581
57	2024 STP Gas Treatment 12 oz	100,067	1.88	188,126
58	RW816 16-in Roberk Wiper Blades	81,673	2.30	187,848
59	0861N #7 Rubbing Compound 12 oz	82,816	2.25	186,336
60	2050 STP Gas Treatment 8 oz	151,258	1.23	186,047

(Continued on page 56)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*Offer expires December 31, 1984. Aviation and industrial plugs excepted.

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COPPER PLUS THE PLUS IS PREMIUM PERFORMANCE

Warehouse Swells At Dollar General

SCOTTSVILLE, Ky.—Dollar General, which last year acquired 280 stores from Interco, recently began construction of a 100,000-sq.-ft. addition to its 350,000-sq.-ft. warehouse here.

The addition is part of a multimillion dollar expansion of the firm's delivery system. Other parts of the expansion include:

- Recent installation of an overhead towline conveyor system in the warehouse here for more automatic processing of store delivery orders.
- Establishment of two-shift operations at both the warehouse here and the similarly sized one in Dumas, Ark., which required the hiring of 120 more employees.
- Increasing the company truck fleet by 17 tractors and 86 trailers.

AUTOMOTIVE

10th Annual PMA

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
61	R-6 Bars Leak 5½ oz	114,967	1.60	183,947
62	PH8A Fram Oil Filter	42,331	4.24	179,483
63	Quartz Halg Fog Light Kit AMB	6,090	28.99	176,549
64	LF-16 Lee Oil Filter	52,658	3.35	176,404
65	Sandable Primer Red	82,718	2.13	176,189
66	4000 Sealed Beam, Low Round	56,989	3.06	174,386
67	D.L. Hand Cln 14 oz	131,578	1.30	171,051
68	AF562 Prime Anti-Freeze	39,500	4.31	170,245
69	02662 Johnsons Wax Kit 12 oz	41,740	4.07	169,882
70	BP25 Blue Poly Liq. Seal Ant16 oz	18,216	9.31	169,591
71	8P30 Blue Poly Paste Seal 16 oz	18,236	9.27	169,047
72	0761N #7 White Polish Comp 127	73,965	2.27	167,900
73	6 Ton Hydraulic Bottle Jack	9,497	17.57	166,862
74	J515 1½ Ton Jack Stand, deach	33,327	4.98	165,968
75	SE86 6Amp Battery Charger	5,314	30.98	164,628
76	3305 Snowite Lite-N-EZ Qt Kit	29,975	5.46	163,663
77	CD-2 Oil Treatment Red Label	68,087	2.38	162,047
78	T16 Turtle Minute Wax, Liq 16 oz	27,576	5.87	161,871
79	S277 Super Fix-A-Flat 18 oz	29,410	5.47	160,873
80	FL400 Motorcraft Oil Filter	37,237	4.31	160,491
81	AS902 Sim Supr Blu Paste Wx 9 oz	47,535	3.36	159,718
82	GEC 421 Ge Silicone Seal, Clear	49,242	3.23	159,052
83	T 17 Turtle Minute Wax, Pste 13 oz	26,781	5.91	158,276
84	AC Spark Plug T B	27,292	5.74	156,656
85	70000 Mini-Grease Gun Kit	17,086	9.04	154,457
86	SW20 Blue Coral Spray Wax 20 oz	31,074	4.94	153,506
87	DR1976 GM 8 Cy Dist Cap	28,246	5.29	149,421
88	S488 8MM Sil Custom Wire Set	8,294	17.69	146,720
89	TK 175 GM8 Cy Tune-up Kit	33,877	4.30	145,671
90	8RV15YCBP (8RBL15Y 12) Champ	12,795	11.20	143,304
91	TAM77 TMP Rubberized Undercoat	46,797	3.06	143,199
92	T-127 Liquid Turtle Wax 12 oz	48,194	2.96	142,654
93	T270 Turtle color Back 16 oz	28,300	5.04	142,632
94	RV15YC (RBL15Y) 12 Champ	19,260	7.40	142,524
95	1018 Pylon 18" Wiper Refills	56,086	2.52	141,337
96	1814 Havoline 10W40 Motor Oil	104,064	1.35	140,486
97	1614N #7 Car Wash (Powder) 8 oz	54,633	2.52	137,675
98	Lf-24 Lee Oil Filter	39,953	3.43	137,039
99	4610 1-gal Gas Can Pulup Spout	46,339	2.94	136,237
100	TK237 GM Combo Tune-up Kit	24,870	5.47	136,038
101	DR20601 GM8 Cap & Rotor Ele Ign	10,179	13.29	135,279
102	R540 Aerosol Starting Fluid	100,889	1.34	135,191
103	AS954 Simoniz Bdxgrd Spry 18 oz	23,602	5.72	135,003
104	H6054 Halogen Seal Beam, Lg Sq	6,791	19.88	135,005
105	PF-35 AC Oil Filters	34,103	3.91	133,343
106	PF-47 PF-40 AC Oil Filter	34,217	3.87	132,420
107	W1638 DB Foot Pump W Gauge	19,949	6.55	130,666
108	Sandable Frimer Black (Dk Grey)	61,114	2.13	130,173
109	WWC8-2 Espree Wire Whl Cln Kit	24,527	5.25	128,767
110	Plas Bottle Gas-Line Anti-Frze	252,353	0.51	128,700
111	SST19 3 Sect Antenna W Booster	14,367	8.90	127,866
112	UVL320 20" Wheel Wrench	22,282	5.72	127,453
113	CP7995 Sun Oil Temp-Amp Ga	4,757	26.69	126,964
114	RW818 18" Roberk Wiper Blades	54,966	2.30	126,422
115	SE1010 10Amp Battery Charger	3,064	41.26	126,420
116	4657 5-gal Gas Can Flex Spout	10,173	12.22	124,314
117	7524 Gumout Carb Cleaner 8 oz	83,797	1.48	124,020
118	Nichols Multi-GD Oil 10W30, 5 qt	26,304	4.69	123,365
119	TAC36 Tmp Aero Undercoat 16 oz	68,011	1.81	123,020
120	14062 15-min Safety Flare Each	109,524	1.12	122,667
121	4-Ton Hydraulic Bottle Jack	7,927	15.17	120,253
122	54W03 Gen Elec Glass Seal	37,987	3.16	120,038
123	54144 Wynn Carb Clnr 113 4 oz	49,893	2.40	119,743
124	7262 Multi-Serv Grs 3 3-oz Tube	39,812	3.00	119,436
125	TAM66 Tmp Undercoating	47,536	2.51	119,315
126	BPS27 Blue Poly Instant Spray	13,920	8.53	118,738
127	AS951 Simoniz Bdygard Paste 14Z	20,337	5.80	117,955
128	CP7901 Sun Super Tach II	2,538	46.30	117,509
129	8RV17YC68P (8RBL17Y6 37) Champ	10,372	11.27	116,892
130	2AR Permatex Gasket Cement #2	59,594	1.96	116,804

Source: Allied Accessories and Auto Parts, Madison Heights, Mich., for calendar 1983. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount auto departments. Average retail prices reflect typical price points for discount stores.

PMA®

PRODUCT MOVEMENT AUDIT

Seat Covers

(Continued from page 55)

were also among 1983's top sellers: the 13-oz. can of Gumout Jet Spray and 15-oz. can of STP oil treatment scored a respective three and five on the chart. The Bardsley radiator sealer also did well; it seems to be the only sealer that works.

Otner highly promotable items include the instant spare inflator, which ranked 13th on the chart. The air compressor is also catching on as a promotable item; it walks out the door when it's on sale.

One area that we're putting a lot of money behind is our import program including hydraulic jacks, car mirrors, exterior trim, car antennas and electric antennas. While these items are not new, with importing we can set the retail prices down to $19.95—they typically sell for closer to $40. They were good at that price but at $19.95, we expect them to be smashing.

Promising Area

While basic round and square sealed beams were strong, ranking seven and eight on the chart, we're also beginning to see some movement from imported whole lamps.

Another key part of our import program is wheel covers, a category which we expect will grow. We carry two lines—wire and plastic—which sell at $19.99 and $11.99, respectively, at retail. Mass merchants found it feasible to carry these items after the price points came down last year.

Seat cover and floor mat sales are also improving. Again, seat cover sku's don't show up on the chart because we carry so many colors and numbers, but as a classification, they have done very well.

We now carry 12 different models with an assortment of colors for each model. As with tools, we're finding that customers are trading up—the bulk of our business is now in the $19.95 range to $29.95 range. While we don't carry sheepskin, we're finding the movement in Herculon and velour fabrications is strong.

New Moves

Like many of our customers, we're moving away from nylon seat covers in the $10 area.

Floor covers are also picking up—a sign that more people are buying new cars.

One area we're not pleased about is the movement toward packaging motor oil in narrow-neck plastic jugs, although we haven't yet experienced any drop-off in sales of oil can spouts and funnels. (Last year, Quaker State began bottling all its motor oil in the jugs, which eliminates the need for high-margin spouts and funnels.)

For now, not everybody will be following their lead because it is expensive to convert a packaging plant, but I feel that it's eventually going to happen in the entire industry.

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HOUSEWARES

10th Annual PMA

PRODUCT MOVEMENT AUDIT

Price Promos Get Big Push From Corning

By JERRY FALK
Executive Vice President, Bacar Distributors

Coming off a very strong second half of 1983, we anticipate housewares sales in our five-state Western region to grow 10% in 1984. Strength should be across the board, which we'd attribute mostly to a general rise in the economy.

Since our area's economy is driven largely by the computer industry, we were somewhat protected last year when we held our own early before coming on to produce record figures in the final quarter.

Locally, a major automotive plant will reopen soon, putting people back to work, and Skaggstone, another distributor, closed its doors. These will add to our business.

Reflecting our economy's strength, customers are upscaling here, though not extravagantly. They're still value-conscious.

Corning is one manufacturer who has responded to this trend by offering many new products and taking an aggressive promotional stance on mostly its entire assortment.

I don't think Corning has ever offered as many price promotions. It could be they're feeling the hot breath of Anchor Hocking on their neck.

Among Corning's new products, French White quickly copped 5 of the top 10 category listings. It has pretty much replaced the blue flower design, and has made more rapid inroads than the new French Bisque products.

(Continued on page 58)

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Dinnerware					
1	—	7200181 Drnd Set 16-pc Rsln Dnrwr	5,239	26.09	136,685.51
2	—	T20-82S Crnrstn 20-pc St Chn Blsm	,202	89.99	108,167.98
3	—	7200793 Drnd St 7-pc Rsln Sld	6,598	14.39	94,945.22
4	—	T20-81S Crnrstn 20-pc Set Royal Garden	902	89.99	81,170.98
5	6	2020-7 Expression 20-pc Set Wildflower	1,004	70.19	70,470.76
6	1	3216-32 Dmnsn-4 16-pc St Cinn	1,356	51.29	69,549.24
7	5	2020-13 Expression 20-pc Set Meadow	886	70.19	62,188.34
8	8	16-N Corelle 16-pc Set White	1,810	34.19	61,883.90
9	3	2020-12 Exprsn 20-pc Set Indian Summer	836	70.19	58,678.84
10	—	7200132 Drnd Blk Plt Rsln Dnnr 9"	19,998	2.24	44,795.52
11	2	3216-34 Dimension-4 16-pc Set Slate	871	51.29	44,673.59
12	—	16-23-N Livingware 16-pc Set Mrng Blu	1,271	34.19	43,455.49
13	11	16-4 Corelle 16-pc Set Gold	1,206	34.19	41,233.14
14	12	16-5 Corelle 16-pc Set Blue	1,121	34.19	38,326.99
15	—	7200140 Drnd Blk Plt Rsln Dsrt 7"	18,547	1.79	33,199.13
Glassware					
1	13	6200653 Drnd 4-pk Gblt Rsln 8½ oz	13,107	10.79	141,424.53
2	10	6200661 Durand 4-pk Wine Rosaline 6 oz	12,906	10.79	139,255.74
3	—	6200679 Drnd 4-pk Shbt Rsln 6¾ oz	5,954	10.79	64,243.66
4	—	6200729 Drnd 4-pk Flt Rsln 4¼ oz	5,739	10.79	61,923.81
5	6	3030996 Drnd Blk Wn Dmnt Crys 6 oz	28,522	2.06	58,755.32
6	2	3030988 Drnd Blk Gbl Dmnt Crys 10 oz	28,006	2.06	57,692.36
7	4	8001356 Drnd Blk Bwl Dm Lrg Sld 9"	11,140	4.76	53,026.40
8	—	3053685 Durand Set 12-pc Celeb Crys	3,268	13.49	44,085.32
9	3	515 Libbey 4-pk Wine Citatn Tall 6 oz	5,131	7.46	38,277.26
10	—	7200819 Drnd Blk Mg Rsln Crys 10 oz	20,331	1.79	36,392.49
11	—	1020 Riley Sun Tea Jar 1-gal w spout	5,452	6.29	34,293.08
12	5	8011041 Drnd Blk Bv Lncr Crys 11 oz	26,650	1.25	33,312.50
13	—	0020 Riley Sun Tea Jar 1 gal	8,978	3.59	32,231.02
14	—	100-E Anc Hkg Jar 1 gal Ball sh gl Lid	4,092	7.73	31,631.16
15	—	3600/81 Anc Hkg Set 24-pc Newport Crys	1,687	17.99	30,349.13

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Corning					
1	—	F-330 Set F-1, F-3, F-5 White	2,167	47.69	103,344.23
2	—	F-260 French White Set F-2 and F-6	2,633	32.39	85,282.87
3	2	F-2 2½-qt Oval Cass/Ld Wh	3,310	22.49	74,441.90
4	1	F-21 Roaster RW 4½ qt	2,261	28.79	65,094.19
5	—	A-33-8 Trio Set Spice	1,168	53.09	62,009.12
6	—	A-33-7 Trio Set Wildflower	1,157	53.09	61,425.13
7	—	P-166-8 6-cup Perc Spice	2,233	26.99	60,268.67
8	6	F-1 2½-qt Rd Cass/Lid Wh	2,365	22.49	53,188.85
9	—	F-330-55 Fr Bsq 5-pc 1.5-2.5 rd cv-pie	1,082	47.69	51,600.58
10	3	A-300-8 Starter Set Spice	933	53.54	49,952.82
11	—	P-166-7 6-cup Perc W flower	1,815	26.99	48,986.85
12	—	A-33 Trio Set Cornflower	1,053	44.99	47,374.47
13	4	F-3 10" Pie/Quiche White	3,208	13.94	44,719.52
14	—	F-260-55 Fr Bsq 3-pc 2.5 cvd-1.5 opn ov	1,141	32.39	36,956.99
15	—	A-5-7 5-qt Sauce Pot w lf	1,112	31.94	35,517.28
Gadgets					
1	2	407-C Sw Cn Opn "5 yr" Hnd Choc	12,467	5.39	67,197.13
2	3	407-14 Saw Cn Opn "5 yr" Hnd Harv	11,409	5.39	61,494.51
3	4	107 Sw Cn Opn "Jr" Sml Hnd Asstd	19,107	2.69	51,397.83
4	—	102AC R/K Refl Pan 8" Plug in Element	16,932	2.96	50,118.72
5	—	101AC R/K Refl Pan 6" Plug in Element	19,621	2.51	49,248.71
6	—	1800 E-Z Foil 12-pk Elec Burner Bibs	18,168	2.42	43,966.56
7	—	106AC R/K Rfl Pn 8" GE and Htpnt	24,169	1.79	43,262.51
8	—	105AC R/K Rfl Pn 6" GE and Htpnt	30,430	1.34	40,776.20
9	12	104 L/J EZV Adjustable Roast Rack	5,462	7.19	39,271.78
10	—	730 E-Z Foil 1-ea Lrg Rk-Rst w dsply	15,409	2.51	38,676.59
11	—	2901 Gemco Glss/Prk 8-cp Ast Clr	3,478	10.79	37,527.62
12	—	1820 E-Z Foil 6-pk Lrg Loaf Pan	13,956	2.42	33,773.52
13	—	20-B Mart Wood Cutting Bd 14x20"	2,940	11.15	32,781.00
14	—	NF-4350 Tric Filt Disc 3.5"	17,435	1.88	32,777.80
15	—	18 Mart Wood Cutting Board 12x16"	3,746	8.54	31,990.84

(Continued on page 58)

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FURNITURE

Wholesale Club Opens 2nd Unit

INDIANAPOLIS—The Wholesale Club, the self-service cash-and-carry wholesale operation founded by John Geisse, has opened its second warehouse in the Cleveland market.

Geisse, founder of Target and Venture, opened his first such warehouse here in February 1983.

The 100,000-sq.-ft. unit sells name brand electrics, institutionally packaged food, furniture, housewares, automotive supplies and other product lines at only a 10% markup. Members, who must be business people or members of a participating group, have to pay cash for their merchandise and transport it themselves.

HOUSEWARES

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Plastics					
1	8	1048 Clipper Spray Bottle pint	28,030	1.43	40,082.90
2	4	60061 Cadence Stemtrak Clear Acrylic	5,775	5.84	33,726.00
3	2	156 Freezette Uprite Set (3) 1 qt	10,186	2.96	30,150.56
4	3	154 Freezette Uprite Set (5) 1 pt	10,062	2.96	29,783.52
5	7	2757 Superseal 2 qt Decanter Clear	14,677	1.88	27,592.76
6	5	155 Freezette Uprite Set (4) 1.5 pt	8,985	2.96	26,595.60
7	11	T-94187 Frzt 12-gl Ptch w 4 Tmblrs	9,647	2.42	23,345.74
8	—	3622 BB Contico Decorator Spr Btl qt	7,824	2.69	21,046.56
9	—	377 Arrow Turkey Platter w display	4,680	4.49	21,013.20
10	—	158 Freezette Uprite Container 1 gal	7,853	2.51	19,711.03
11	—	51 Arrow Ice Quick Ice Tray Blue	17,316	1.07	18,528.12
12	9	109 Arrow Rainbow Tumblers 16 oz	25,248	0.71	17,926.08
13	—	1024 Clipper Spray Bottle qt	9,264	1.79	16,582.56
14	6	153 Freezette Uprite Set (6) 3.4 pt	5,580	2.96	16,516.80
15	—	189 Arrow Colander 4-qt Asst	10,682	1.52	16,236.64
Cookware					
1	13	26030 Wear-Ever Pref Slv 10" Chf Fr Pn	10,526	10.79	113,575.54
2	1	0707 Gn Hswr Granite Cnr w rk 21 qt	4,457	19.34	86,198.38
3	—	26028 Wear-Ever Pref Slv 8" Chf Fr Pn	9,618	8.54	82,137.72
4	8	W0786-34 Mir Wrtmr Slv 10" St Pn	6,336	12.59	79,770.24
5	—	W1788-34 Mirro Wrtmr 7-pc Slv Set	1,171	60.29	70,599.59
6	10	64110 Ekco B-S lg Cookie Sheet 17x11	16,676	4.22	70,372.72
7	11	51199 Nordic 12c Formed Bundt Asst	8,412	8.09	68,053.08
8	4	2701 Revere SS CB ktl Whist 2.3 qt (6)	2,932	20.70	60,692.40
9	9	64100 Ekco B S Md Ck Sht 15x10	14,413	3.86	55,634.18
10	—	26032 Wear-Ever Prf Slv 12" Chf Fr Pn	3,855	12.59	48,534.45
11	6	3501 Revere SS CB Ktl Whist 3.5 qt (6)	1,758	27.00	47,466.00
12	—	64330 Ekco B S Obl Util Pn 13x9	11,808	3.95	46,641.60
13	—	99122 Ekco B S Pn Ck Dsply 48 pc	230	185.33	42,625.90
14	—	3867 Revere C C Set 7 pc (1)	350	119.25	41,737.50
15	15	0509 Gn Hswr Grnt Ovl Rstr 15-18 lb	3,051	13.49	41,157.99

(Continued on page 60)

PMA®

PRODUCT MOVEMENT AUDIT

Price Promos

(Continued from page 57)

However, Corning's Visions amber glass cookware line has also met a good reception since its late 1983 debut, thanks to its styling and packaging, and should be a leading design for the manufacturer.

Cookware is dominated by products coated with SilverStone, particularly the Wear-Ever Preferred fry pans, Mirro pans and seven-piece set. General Housewares' 21-qt. canner is in second place because of the sales surge during the three-month canning period.

In teakettles, consumers plainly want durability and style. They're buying Revere, feeling that old-fashioned looks aren't out of fashion.

Bakeware is still led by Ekco's Baker's Secret line, which has its own nonstick surface and grew out of an earlier professional product.

Microwave activity should continue at a good pace as consumers discover how versatile cooking with these ovens can be. Ovens are becoming smaller in size, but that's yet to affect cookware or accessories offerings.

Nordic Micro-Go-Round still heads the list, which is dominated by Nordic, Anchor Hocking and Corning. Rubbermaid's new eight-piece microwave set, second on the list, indicates penetration this manufacturer will strive for using extensive promotions.

Among Rubbermaid's other products, its runaway best seller is the Roughneck round garbage can, 32- and 30-gal. sizes. Smaller sizes aren't only less convenient to use, but also some municipalities do not allow their sanitation departments to pick up different size cans.

In glassware and tableware, Durand's imported Rosaline assortment is a clear-cut leader with its coordinated wine and table glasses, plates, dinnerware and salad sets. Tinted pink, with soft ripples, has won

(Continued on page 60)

GUESS WHICH PRODUCT TOOK A 1400% SALES LEAP IN ONLY TWO YEARS.

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Because in 1984, this knife will once again be seen by millions on both network and cable TV. Plus a multimillion-impression print campaign in magazines like *People, Bon Appetit, Reader's Digest* and more. And support will be concentrated in key selling periods like spring and the holidays.

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The Wilkinson Sword Self-Sharpening Knife is a product people want. Research has indicated that. And sales have proven it. For example, in Australia, where the product originated, the knife is now in over 85% of all households. And it's fast becoming the favorite knife in American households, too.

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HOUSEWARES

10th Annual PMA

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Microwave					
1	1	62304 Nordic Micro-go-round	5,563	50.39	280,319.57
2	—	8534 Rubbermaid Micro 8-pc Dlx Set	2,102	41.39	87,001.78
3	2	M400127 Anchor Hckng Micr 5-pc St	2,500	33.29	83,225.00
4	7	MW-A10S Corning 10" Cv Brwng Skl	1,943	29.69	57,687.67
5	3	63204 Nordic Micro Bacon/Meat Rck	6,460	8.09	52,261.40
6	6	MW-2-S Corning Micro Brwnng Grll	1,656	31.49	52,147.44
7	—	P 150GPC Crnng Grb-it Wlgls & Pls Cv	6,093	8.54	52,034.22
8	5	PM469/T1 Anhr Hkg Mc Bn Rck 12x10	5,637	7.64	43,066.68
9	—	A600112 Anhr Hkg Mcrtrntb Sp Pwr	1,078	38.33	41,319.74
10	15	M400126 Anhr H Mcr Pppr/Stmr/Rster	2,999	12.59	37,757.41
Rubbermaid					
1	1	2894-C Rghnck Rnd Cn 32-gl Chclt	6,766	22.49	152,167.34
2	—	2863-95 Ice Tray (1) Blue Blk pk	90,360	0.98	88,552.80
3	3	2965-C Rctnglr Lndry Bskt Chclt	10,481	6.02	63,095.62
4	8	2937-AL Twin Turntable Almond	13,078	4.76	62,251.28
5	10	2965-AL Rctnglr Lndry Bskt Almond	10,193	6.02	61,361.86
6	9	2858-C Step-on Wst Bskt Chclt	4,487	13.49	60,529.63
7	4	2936-AL Single Trntbl Almond	21,732	2.69	58,459.08
8	—	2858-AL Step-On Wst Bskt Almond	4,189	13.49	56,509.61
9	—	2979-C Rghnck Rctglr Cn 30-gl Chclt	2,477	22.49	55,707.73
10	13	2845-C Small Rctnglr Wstbskt Chclt	10,697	5.03	53,805.91

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Pyrex					
1	1	233 3-qt Oblong Bake Dish	34,894	7.19	250,887.86
2	5	5000 Bake-N-Store Set	11,735	16.64	195,270.40
3	4	516 16-oz Liquid Measure	50,753	3.41	173,067.73
4	2	234 4 qt Oblong Bake Dish	13,131	9.44	123,956.64
5	7	232 2-qt Oblong Bake Dish	17,911	6.11	109,436.21
6	8	508 8-oz Liquid measure	37,273	2.69	100,264.37
7	—	704 4-qt Oval Baking Dish	5,843	12.59	73,563.37
8	—	703 3-qt Oval Covered Casserole	5,836	12.59	73,475.24
9	10	463-D 6-oz Custard Cup 4 pk	18,844	3.86	72,737.84
10	11	532 32-oz Liquid Measure	13,672	4.94	67,539.68
Cleaning/Chemicals					
1	—	29-3401 Emp 108-pc Mny Svr Brsh Dl	170	154.55	26,273.50
2	—	900 Nat c/brm (20%) Economy-4 Sew	6,443	4.04	26,029.72
3	5	045 Quickie Automatic Sponge Mop	3,114	7.37	22,950.18
4	4	1185 Roll-O-Matic Sponge Mop	1,856	10.97	20,360.32
5	—	T-16 F&G Vac Bag Eureka Uprights (2)	20,052	0.90	18,046.80
6	8	7 White 16-in Black Dustpan	2,868	5.93	17,007.24
7	—	44021 Doozy Mini-Blind Wand	4,324	3.86	16,690.64
8	3	19-645 Ballonoff Copper Dustpan	9,816	1.70	16,687.20
9	2	7274 O-Cel-O Spng Hnd SZ4 pk/8P40	16,128	0.98	15,805.44
10	11	901 White 12" Black Dustpan	5,076	3.05	15,481.80

Source: Bacar, distributor, San Jose, Calif., for calendar 1983, covering 658 stores, including 480 mass merchandisers. Average retail prices reflect typical price points for mass merchandisers.

PMA®

PRODUCT MOVEMENT AUDIT

Price Promos

(Continued from page 58)

favor for its styling and value. Corning's Corelle and Cornerstone also make a strong showing in tableware.

The major trend in glassware is toward bulk sales, particularly among the better imports, despite retail handling problems at checkout. Consumers are able to buy the glasses they need without paying for extra packaging.

Food storage containers account for much of our activity in plastics, taking up 6 of the first 10 listings. Rubbermaid's announced entry into the segment is bound to have impact on Eagle, Republic and other suppliers.

The Cadence Stemtrak clear acrylic glass holder has proven quite popular for people with home bars who choose to display stemware as in public bars. It's our No. 2 item, up from fourth a year earlier, even though its average retail price is $5.84, a full $1.35 greater than the next costliest plastic item among the leaders.

Among gadgets, a vibrant new item is the Gemco glass percolator. It filled a void left when Pyrex pulled its product about a year ago. We see some consumers moving back to glass percolators from drip coffeemakers because they're inexpensive and easy to use on the stovetop.

The Swing-A-Way can opener holds the top three listings, and range reflector pans are strong because of their continual replacement business.

The sleeper of cleaning supplies in 1983 was the Doozy MiniWand for cleaning miniblinds. It took eighth place. Topping the list, however, is a new assortment of Empire brushes, all offered at the same price.

In closet and storage, colored plastic hangers showed off their promotional abilities last year, and took 3 of the top 4 listings.

When you carry the Motorcraft line, you get all the support you need to make your selling job easier. We call it Accelerate '84. A wide range of programs to help back your sales effort and send your profits skyrocketing.

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You can earn Incentive Travel points from your Motorcraft purchases for group travel programs or create your own "mini" or Fall travel package. Points can be redeemed for trips to Las Vegas, Puerto Vallarta, Hawaii, Toronto, Orlando or Montreal.

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HEALTH & BEAUTY AIDS

10th Annual PMA

PRODUCT MOVEMENT AUDIT

Tie-ins With Mfr. 'Events' Hypo Sales

By M. Raymond Prendergast
President,
Boston Distributors

New products and manufacturers' expanded advertising budgets promise to spur continued sales growth in health and beauty aids during 1984.

Retailers can increase their share of the $23 billion-plus market by reacting quickly to new products. For example, this year mass merchants should develop strong merchandising programs for the emerging hair-styling mousse category. Chains can further pump up sales by tieing in ads and in-store displays with H&BA manufacturers' event-oriented ad campaigns.

In 1983 "event' advertising programs planned by manufacturers proved a helpful tool toward retail sales gains. The "events" involved manufacturers' peak spending on national television advertising timed around a freestanding insert or coupon drop.

Our retail clients who last year featured endcap and case-stack displays of an item during the manufacturers' "event" as much as doubled sales of the item for the promotional period.

Sales Up

Boston Distributors' No. 1 volume H&BA category, deodorants, was positively impacted by "event" promotions last year. Our sales increased 8% during 1983, despite the lack of a significant new entry.

Procter & Gamble, maker of 7 of the 15 top-selling deodorants, led in that sales growth. Its Secret solid moved into the top volume slot for the year, reflecting solid/stick deodorants outscoring of roll-ons and aerosols in '83.

This year, the trend toward solids and stick—now 35% of the market—is expected to continue, although not without challenge. Bristol-Myers is planning a strong two-pack promotion of its Ban roll-on. By summer the deodorant competition will heat up further as both Shulton and Gillette launch promotions for their entries.

In shampoo, the competition can't get much hotter. The unprecedented number of new entries should help generate banner sales in the category this year. Revlon, for example, is going after the "clinical" positioning with its HDR (Hair's Daily Requirement). Lever Brothers is taking a more general cleansing/conditioning tack in marketing Dimensions. Johnson & Johnson is pinpointing the over-40 age group with its Affinity. Other hair care manufacturers, including Clairol and LaMaur, are also

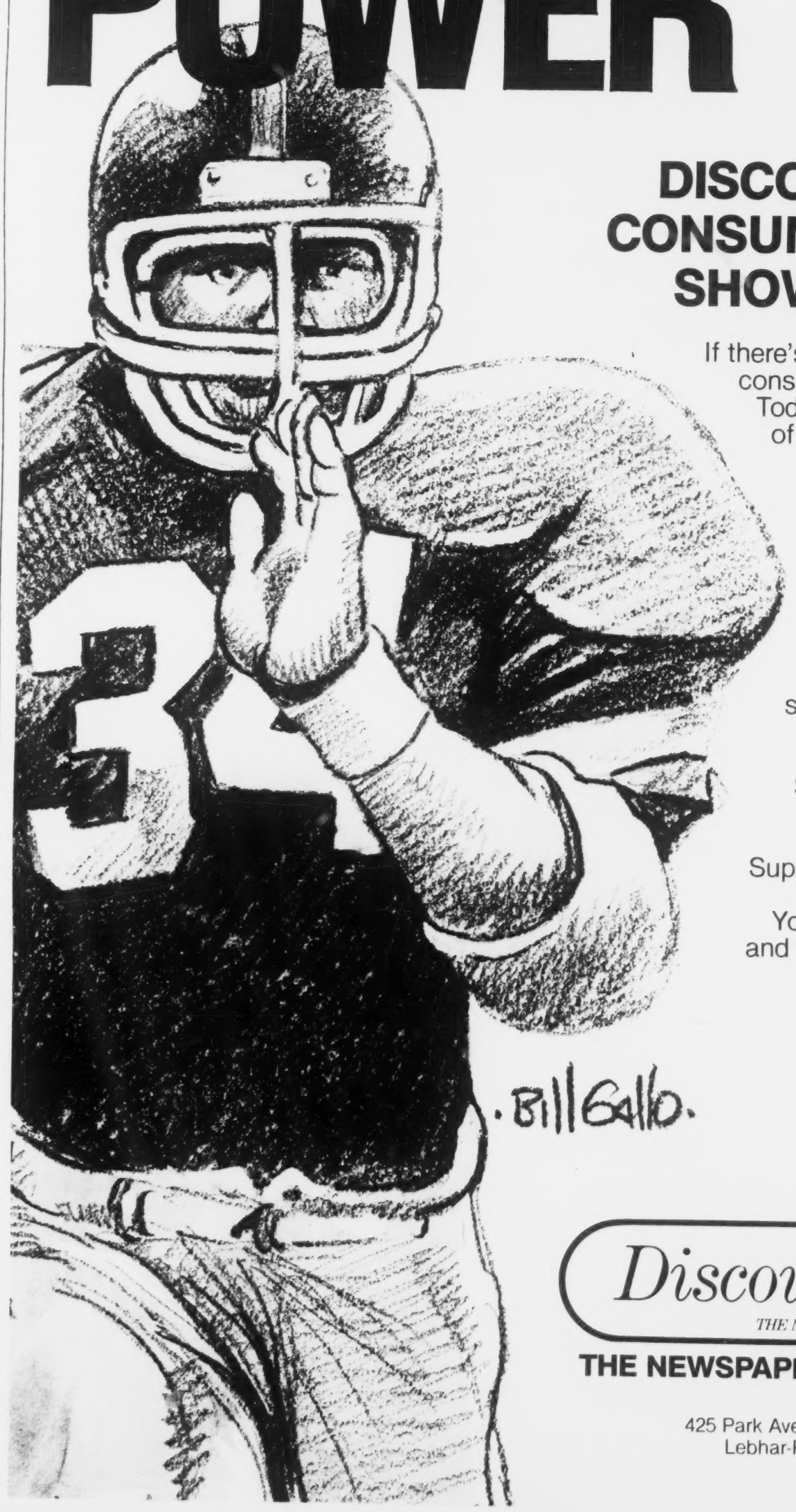
(Continued on page 66)

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Toothpaste					
1	3	Aqua Fresh Toothpaste 6.4 oz	275,004	1.58	349,188
2	1	Crest Toothpaste Regular 6.4 oz	151,408	1.58	241,121
3	2	Crest Toothpaste Mint 6.4 oz	139,120	1.58	227,781
4	8	Aim Toothpaste Regular 6.4 oz	184,068	1.58	207,597
5	4	Crest Toothpaste Gel 6.4 oz	120,696	1.58	193,443
6	5	Colgate Toothpaste Regular 7 oz	117,012	1.58	159,846
7	7	Colgate Toothpaste Gel 6.4 oz	113,508	1.58	156,602
8	19	Aqua Fresh Toothpaste 8.2 oz	103,752	1.88	149,582
9	10	Crest Toothpaste Regular 8.2 oz	74,004	1.88	121,778
10	6	Close Up Toothpaste Regular 6.4 oz	97,980	1.58	117,964
11	12	Crest Toothpaste Gel 8.2 oz	69,240	1.88	114,160
12	—	Pepsodent 8.3 oz	105,636	1.49	98,455
13	14	Aim Toothpaste Mint 6.4 oz	80,460	1.58	98,321
14	9	Crest Toothpaste Mint 8.2 oz	56,196	1.88	96,139
15	15	Gleem II Toothpaste 7 oz	44,124	1.69	68,716
Mouthwash					
1	1	Listerine Antiseptic 32 oz	162,798	2.99	420,090
2	3	Scope Mouthwash 24 oz	140,460	2.49	302,694
3	2	Scope Mouthwash 40 oz	48,384	3.78	156,094
4	6	Signal Mouthwash 32 oz	44,928	2.69	88,556
5	7	Listerine Antiseptic 18 oz	38,592	2.38	77,208
6	4	Signal Mouthwash 24 oz	37,680	2.34	74,092
7	8	Scope Mouthwash 18 oz	36,780	2.28	70,346
8	14	Listermint Mouthwash 24 oz	28,278	2.99	68,920
9	5	Cepacol Mouthwash 24 oz	27,720	2.99	66,461
10	11	Listerine Antiseptic 24 oz	25,296	2.75	62,873
11	9	Listerine Antiseptic 12 oz.	36,504	2.14	58,660
12	10	Scope Mouthwash 12 oz	37,644	1.89	55,598
13	—	Act Dental Rise 12 oz	29,770	2.49	52,574
14	38	Scope Mouthwash 6 oz	39,636	1.38	38,796
15	24	Fluorguard Mouthwash 16 oz	17,028	2.59	33,764

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Analgesics					
1	14	Tylenol Tablets X-Strength 60's	89,964	2.87	228,575
2	5	Tylenol Tablets X-Strngth 100's	59,706	4.28	221,501
3	1	Bufferin Tablets 100's	74,706	2.97	197,113
4	2	Anacin Tablets 100's	65,778	2.99	180,110
5	4	Tylenol Capsules X-Strngth 50's	69,276	2.87	175,941
6	3	Tylenol Capsules X-Strngth 100's	35,178	5.82	167,856
7	6	Excedrin Tablets 100's	52,128	3.49	165,544
8	9	Tylenol Tablets 100's	52,698	3.27	154,999
9	8	Bayer Aspirin Tablets 100's	79,464	1.99	137,380
10	10	Anacin Tablets 200's	22,314	5.99	116,755
11	12	Tylenol Tablets X-Strngth 30's	55,686	2.38	98,380
12	24	Excedrin Tablets 60's	35,124	2.86	84,354
13	20	Tylenol Chewable 30's	41,790	2.18	70,384
14	11	Ancn 3 Asprn Fr Mx-Strngth Tblts 60's	26,100	2.99	64,251
15	—	Ancn 3 Asprn Fr Mx-Strngth Tblts 100's	18,186	4.28	62,071
Ethnic Products					
1	1	Carefree Curl Moisturizer 12 oz	65,163	4.05	175,980
2	—	Carefree Curl Moisturizer 16 oz	49,795	5.02	167,012
3	3	Carefree Curl Moisturizer 8 oz	73,942	2.92	144,522
4	2	Dark-n-Luvly Relaxer Kit	28,814	5.71	109,708
5	4	Carefree Curl Activator 12 oz	36,051	4.42	106,294
6	6	Carefree Curl Activator 8 oz	45,948	3.21	98,440
7	—	Carefree Curl Activator 16 oz	21,730	5.34	77,247
8	5	Sta Sof Oil X-Dry Sheen Spray 16 oz	25,643	4.00	68,535
9	—	Sof-n-Free Curl Moisturizer Spray 16 oz	18,438	4.21	51,787
10	—	Sta Sof Oil X-Dry Sheen Spry Rfll 32 oz	11,141	6.06	45,035
11	—	Classy Curl Curl Kit	7,987	8.23	43,838
12	—	Pro Line Curly Kit	8,196	7.29	39,869
13	11	Sta Sof Oil X-Dry Sheen Spray 8 oz	21,483	2.61	37,445
14	14	Sta Sof Fro Curl Moisturizer 12 oz	14,057	3.84	35,916
15	7	TCB Easy Curl Activator 6 oz	14,940	3.28	32,683

(Continued on page 66)

POWER PLAY



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HEALTH & BEAUTY AIDS

10th Annual PMA

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Vitamins					
1	1	Centrum Vitamins 130's	83,213	7.59	525,752
2	2	Theragram M Tablets 130's	11,382	6.99	77,346
3	13	Vita Fresh E 400 IU 100's	35,970	2.99	61,420
4	22	One-a-Day With Minerals 60's	13,467	4.68	50,056
5	5	Z Bec 60's	9,930	5.68	44,025
6	8	Geritol Tablets 100's	6,758	7.98	41,827
7	—	One-a-Day With C 100's	11,158	4.78	40,399
8	19	Flintstones with Iron 100's	9,484	5.82	37,751
9	9	Myadec Capsules 130's	4,642	8.49	35,637
10	3	Stresstab With Iron 60's	7,140	6.32	35,129
11	—	Flintstones Complete Vitamin 60's	8,139	4.98	30,568
12	18	Stresstabs 600 Regular 60's	6,660	5.99	30,267
13	23	Allbec With C Capsules 100's	7,115	5.99	28,622
14	56	Centrum Jr. With Iron 60's	8,070	4.38	27,235
15	7	One-a-Day With Iron 100's	6,774	5.86	27,189
Cold Products					
1	1	Nyquil Nightime Medicine 10 oz	27,204	4.38	112,469
2	2	Nyquil Nightime Medicine 6 oz	43,764	2.69	110,340
3	3	Contact Capsules 10's	45,756	1.99	89,256
4	11	Dristan Tablets 24's	40,728	2.49	85,614
5	5	Contac Capsules 20's	24,198	3.68	81,413
6	7	Dristan Tablets 50's	20,238	4.58	79,387
7	4	Halls Mentholyps Bags 30's	109,392	0.99	76,744
8	6	Afrin Spray 15 CC	34,038	2.89	70,203
9	19	Sudafed Tablets 30 MG	42,667	1.97	62,271
10	9	Primatine Mist Refill 15 CC	13,452	5.97	59,614
11	15	Triaminic Expectorant 4 oz	25,668	3.18	58,049
12	—	Drixoral 12 Hour SA Tablets 10's	26,370	2.99	57,621
13	10	Dristan Tablets 100's	8,917	7.86	56,801
14	8	Halls Cherry Bags 30's	78,720	0.99	55,727
15	14	Halls Honey-Lemon Bags 30's	78,456	0.99	55,239

(Continued on page 67)

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Deodorants					
1	4	Secret Solid AP Regular 2 oz	79,416	2.18	141,950
2	1	Right Guard Deodorant 10 oz	56,142	2.99	139,296
3	3	Ban Roll On Regular Deodorant 2.5 oz	56,742	2.69	121,623
4	6	Sure Regular Deodorant 6 oz	50,064	2.99	118,557
5	2	Ban Roll On Regular 1.5 oz	83,376	1.69	114,150
5	5	Sure Solid AP Regular 2 oz	66,000	2.18	114,049
7	8	Old Spice Stick Deodorant 2.5 oz	77,598	1.69	102,638
8	10	Mennen Speed Stick Regular 2.5 oz	68,244	1.69	97,346
9	7	Dry Idea Roll On Regular 2.5 oz	36,444	2.99	89,610
10	9	Sure Solid AP Unscented 2 oz	46,680	2.18	80,279
11	13	Secret Solid AP Unscented 2 oz	42,876	2.18	75,768
12	14	Brut 33 Deodorant Stick 2.5 oz	73,032	1.49	71,093
13	19	Sure Unscented Deodorant 6 oz	29,514	2.99	69,240
14	16	Secret Roll On Regular 2.5 oz	35,256	2.69	69,087
15	15	Sure Roll On Regular Deodorant 2.5 oz	34,614	2.69	67,206
Sanitary Napkins					
1	1	Tampax Super 40's	135,072	2.79	348,083
2	5	Stayfree Super Maxi Pads 30's	93,420	3.19	264,311
3	2	Tampax Original Regular 40's	90,696	2.79	233,887
4	6	Stayfree Regular Maxi Pads 30's	82,692	3.19	230,787
5	8	Stayfree Deodorant Maxi Pads 30's	71,472	3.19	200,907
6	4	Tampax Super Plus 40's	75,570	2.79	195,263
7	3	Tampax Slender Regular 40's	70,554	2.79	183,992
8	20	New Freedom Maxi Pads 30's	40,048	3.19	122,012
9	9	Sure & Natural Maxi Shields 30's	36,396	3.69	117,461
10	13	Playtex Deodorant Tampons Spr 28's	42,108	2.89	109,656
11	11	Playtex Deodorant Tampons Rglr 28's	39,600	2.89	104,421
12	8	Carefree Panty Shields 30's	45,558	2.59	98,266
13	10	Carefree Deodorant Panty Shields 30's	43,308	2.59	94,134
14	14	Tampax Maxi Thin Pads 30's	26,640	3.69	86,673
15	32	Lightdays Nondeodorant Pntlnrs 30's	37,728	2.49	75,018

PMA® PRODUCT MOVEMENT AUDIT

Mfr. 'Events'

(Continued from page 65)

rolling out new shampoo lines.

Last year Revlon's flex held onto its top volume spots (1 & 2) on our PMA due to trade promotion programs. Head & Shoulders—the best seller nationwide—held the Nos. 3, 4, 9 and 12 slots. This year, however, stronger trade allowances and a revamped prepack selection could move Head & Shoulders to the top of our chart.

We expect more sales growth in hair conditioners than in shampoos for 1984, thanks to many manufacturers' introduction of styling mousse. (Boston categorizes the new foams for styling short hair styles with liquid hair conditioners and gels.) Styling mousse should be among H&BA's top growth segments this year; it is geared to the popularity of the short hair styles, and last year pushed Dippity Do onto our top-15 chart for the first time ever.

Last year's sales gain in conditioners was partly sparked by our retail clients' merchandising of conditioners by brand within the shampoo section. Flex topped the conditioner chart, followed by Finesse which jumped up to the Nos. 3 and 4 spots. Suave claimed a total of three of the top 15 slots. Both Silkience and Sassoon took two of top rankings each.

The ethnic hair care brand names to watch in 1984 include Donnies Curls, Right On from Lustra silk, Worlds of Curls and Luster S Curl. In stores with a customer base that's 30% black, we expect ethnic hair care sales to outstrip all other H&BA categories. Such stores should devote a minimum 20 ft. to the products.

Last year, ethnic items again registered the largest gains of all Boston Distributors' categories with a 22% jump in dollar volume. Much of that growth came from the category's promotional strength and retailers'

(Continued on page 67)

Introducing Three Profitable Packages

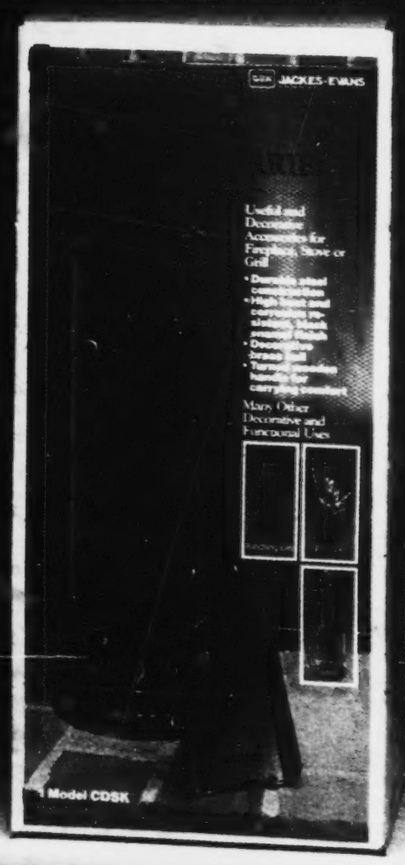
- Hod & Shovel Set
- Ash or Charcoal Container & Shovel Set
- Coal or Charcoal Carrier & Shovel Set

GSW Jackes-Evans has combined quality manufacturing with the most effective packaging in the industry. The result is a line of hearth accessories that sells itself.

Full-color graphics make a big impression. Alternative uses are displayed prominantly on the package, producing impulse purchases.

GSW Jackes-Evans Hearth Accessories help you use that empty floor space to make money. Our packages form an eye-catching dump display, and will promote sales in home and garden, gift, housewares or hardware departments. Their sales potential is limitless.

Quality features are listed on each package:
- Durable steel construction
- Heat and corrosion resistant black enamel finish
- Decorative brass bails
- Turned wooden handles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Many Other Decorative and Functional Uses
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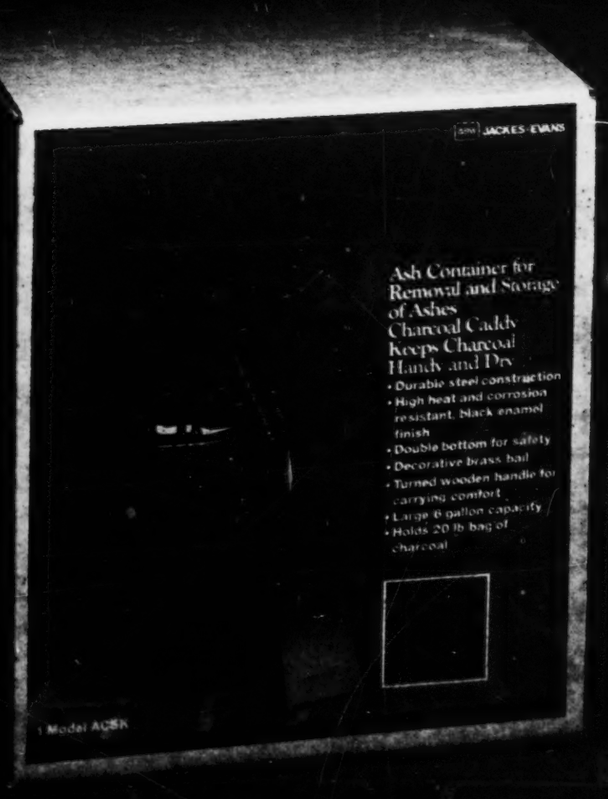
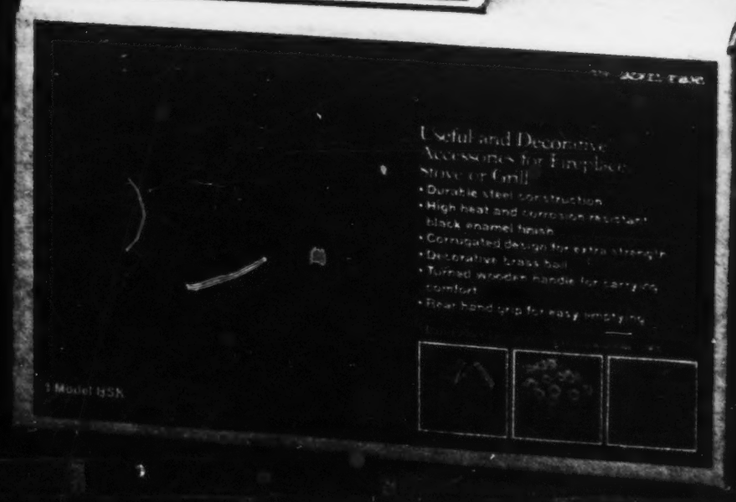

JACKES-EVANS
Ash Container for Removal and Storage of Ashes
Charcoal Caddy Keeps Charcoal Handy and Dry
• Durable steel construction
• High heat and corrosion resistant, black enamel finish
• Double bottom for safety
• Decorative brass bail
• Turned wooden handle for carrying comfort
• Large 6 gallon capacity
• Holds 20 lb bag of charcoal
Model ACSK



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ON THESE FINE
SOFT SHEEN PRODUCTS!
CARE FREE CURL
CONDITIONING SHAMPOO WITH PROTEIN 8 oz. 1.77
KERATIN CONDITIONER 8 ounces 2.39
NATURALIZER GEL 6 ounces 1.99
INSTANT MOISTURIZER 8 ounces 2.29
INSTANT MOISTURIZER 12 ounces 3.39
CURL ACTIVATOR 12 ounces 3.99
WAVE ACTIVATOR 4 ounces 2.33
CURL ACTIVATOR 8 ounces 2.44
KERATIN HAIR CONDITIONER 4 ounces 1.66
SALE PRICES GOOD THROUGH FEBRUARY 5, 1984

Ethnic hair care was spotlighted in an ad by Eagle, Miami. The promo was tied in with Black History month to pull black customers.

HEALTH & BEAUTY AIDS

10th Annual PMA

PMA®

PRODUCT MOVEMENT AUDIT

Mfr. 'Events'

(Continued from page 66)

quicker reaction to new products and lines. Carefree Curl claimed six of the top seven spots, with Dark 'N Luvly dropping to No. 4. M&M has a total of six sku's among the 15 top ethnic hair care items, with its Sta So Fro and Soft N Free lines.

Professional beauty products also chalked up a 20%-plus gain last year. This year we expect continued gains. The brands pegged for gains in 1984 include Aussie Mega, Tenax and Jherri Rhedding's styling mousse.

In our No. 2 volume category, analgesics, Bristol-Myer's Datril is off to a fast start for 1984. Last year, McNeil's Tylenol managed to hold onto its dominance of the category with 7 of the top 15 spots. That brand was backed by lucrative promotional allowances designed to boost its recovery from the widely publicized sabotage.

Anacin-3 from Whitehall captured two of the top positions on the analgesic PMA, demonstrating the growth of non-aspirins last year. Another non-aspirin, Tylenol chewable for children, jumped from No. 20 to No. 13. Similarly, Excedrin 60's rose from No. 24 to No. 12.

More Winners

The cough/cold entry expected to make inroads in 1984 is Actifed, from Burroughs Wellcome. That company's Sudafed, which like Actifed, was switched from prescription to OTC, jumped from 19 to 9 on our chart last year. Drixoral is another cold product that successfully made the switch to OTC last year and claimed the No. 12 spot.

Contac, our perennial cold remedy leader until 1982, dropped to the No. 3 position last year, mainly because of the advancement of the newly approved OTC products.

Other H&BA categories pegged for significant sales growth in 1984 include the feminine hygiene market, which will be hyped by the new Today Contraceptive Sponge. If that entry remains clear of association with toxic shock syndrome, it could be one of the top-selling products of the year.

The sanitary napkin segment of the category will pick up sales this year, as both Tampax and Kimberly Clark launch versions of the extra thin maximum-protection pads.

In fact, the entire personal protection market is expanding as manufacturers push the multiple-product concept in advertising. Similarly, manufacturers are offering retailers bonus allowances for promoting two items together at one time—a panty shield and thin pad, for example.

F.D.A. ruling on caffeine products isn't expected to hinder continued growth in the diet aid category this year. The category rebounded with a 20% plus sales gain in 1983.

Creme Rinses & Conditioners

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Flex Conditioner Balsam w Body 15 oz	108,936	1.79	164,299
2	2	Flex Conditioner Balsam Regular 16 oz	80,688	1.79	120,557
3	10	Finesse Conditioner Extra Body 11 oz	43,956	2.48	85,008
4	12	Finesse Conditioner Regular 11 oz	39,768	2.48	77,182
5	3	Flex Conditioner Dry & Damaged 15 oz	40,158	1.79	61,326
6	16	Vidal Sassoon Finish Rinse G-62 12 oz	22,836	2.88	49,251
7	4	Silkience Conditioner Extra Body 15 oz	22,656	2.88	48,972
8	28	Faberge Organic Conditioner 15 oz	52,038	1.39	46,136
9	17	Suave Moisture Cond X Bdy 16 oz	41,436	1.49	43,725
10	37	Suave Blsm & Prtn Cond X Bdy 16 oz	40,620	1.49	42,321
11	—	Flex Conditioner Oily 20 oz	27,996	1.99	41,932
12	32	Suave Balsam & Protein Cond 16 oz	31,530	1.49	32,994
13	20	Silkience Conditioner Regular 15 oz	15,048	2.88	32,116
14	13	Vidal Sassoon Rmst Crm G-95 4 oz	13,956	2.88	30,496
15	21	Dippity-Do Extra Hold 8 oz	15,450	2.68	30,268

Shampoo

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Flex Shampoo Normal 15 oz	147,936	1.79	222,635
2	2	Flex Shampoo Extra Body 16 oz	121,770	1.79	184,694
3	4	Head & Shoulders Lotion 15 oz	52,020	3.49	153,918
4	6	Head & Shoulders Cond Ltn 15 oz	43,476	3.49	127,971
5	3	Flex Shampoo Oily 16 oz	74,532	1.79	112,867
6	8	Prell Shampoo Normal Oily 16 oz	49,290	2.63	100,440
7	—	Vidal Sassoon Sham Cond 2 pk 16 oz	53,688	2.18	89,526
8	5	Flex Shampoo Dry & Damaged 15 oz	57,438	1.79	87,338
9	21	Head & Shoulders Reg Ltn 11 oz	40,308	2.58	86,059
10	—	Finesse Shampoo Extra Body 11 oz	43,488	2.48	81,460
11	7	Faberge Organic Shampoo 15 oz	89,876	1.39	80,460
12	14	Head & Shoulders Cond Ltn 11 oz	36,084	2.58	78,563
13	—	Finesse Shampoo Regular 11 oz	38,418	2.48	72,502
14	12	Vidal Sassoon Shampoo 12 oz	27,912	2.85	62,886
15	9	Silkience Shampoo Extra Body 15 oz	26,820	2.88	58,260

Medicated Skin Care Products

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	4	Buf-Puf #91012	24,256	2.55	45,874
2	2	Oxy 10 Medication 1 oz	16,446	3.51	42,669
3	5	Clearasil Ointment 1 oz	15,690	3.44	39,941
4	7	Clearasil Vanishing Formula 1 oz	13,752	3.44	35,102
5	3	Sea Breeze Antiseptic 10 oz	13,398	3.10	30,868
6	9	Phisoderm 16 oz	7,799	5.11	29,569
7	1	Stridex Pads 75's	14,028	2.60	27,126
8	14	Stridex Pads 42's	18,816	1.63	22,694
9	16	Phisoderm 5 oz	13,302	2.18	21,509
10	12	Oxy 5 Acne Medication 1 oz	8,616	2.82	18,036
11	8	Clearasil Ointment 0.65 oz	9,846	2.43	17,769
12	11	Fostex Soap 3.75 oz	11,112	2.16	17,740
13	10	Clearasil Vanishing Formula 0.65 oz	9,798	2.44	17,695
14	39	Sea Breeze Antiseptic 16 oz	5,736	4.14	17,610
15	—	Oxy 10 Wash 4 oz	6,486	3.52	16,907

Bar Soap

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Dial Bath Soap 1 wth 3 pck 5 oz	282,012	1.59	356,756
2	4	Ivory Soap 4 pack 3.5 oz	299,448	0.79	194,464
3	23	Lux Bath Soap 4.75 oz	505,680	0.33	119,755
4	—	Safeguard 4 pack	83,736	1.69	114,171
5	9	Dial Soap 1 pack 5 oz	260,712	0.53	96,325
6	—	Irish Spring Bath 3 pack 5 oz	71,664	1.69	95,144
7	10	Dove Bath Soap 4.75 oz	168,072	0.69	90,565
8	5	Coast Soap 2 pack 5 oz	124,344	0.86	88,212
9	14	Zest Bath Soap 3 pack 5 oz	62,244	1.69	85,066
10	—	Shield Deodorant Soap 5 oz	218,352	0.53	82,311
11	33	Dial Soap 1 pack 3.5 oz	333,864	0.33	82,099
12	8	Dial Soap 3 pack 3.5 oz	108,474	0.99	81,026
13	15	Jergens Soap 4 pack 3.5 oz	114,786	0.69	64,240
14	—	Ivory Bath Soap 3 pack 4.5 oz	79,416	0.78	47,604
15	17	Jergens Soap 5 pack 3 oz	67,680	0.83	45,087

Source: Boston Distributors for calendar 1983. Boston, based in Maple Heights, Ohio, supplies over 600 stores, including about 350 discount stores in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

The buck starts here.

Better service.

Amity is not only better known as a brand name, Amity is known for better service. For dependability. For follow-through. And for a national network of sales representatives who keep your sales headed in one direction. Up.

Better advertising.

This year, Amity introduces a new national consumer advertising campaign that features more products and more ads than ever before. Which means more people will be asking for Amity by name.

Plus, we have blockbuster promotions for the peak gift-giving periods. Which all adds up to greater awareness for the Amity name. Greater demand for Amity products. And greater sales for you.

Better displays.

Amity's high-impact packaging and merchandising displays are second to none.

They get attention. Stop traffic. And maximize impulse buying.

See Amity's new displays. And watch your profits soar.

Better products.

The Amity name has been on high quality leather products for almost 70 years. And we never stop upgrading.

We're the brand with exceptional new designs, exclusive leathers and innovative nylon products.

Better service, better advertising, better displays, better products. That's the Amity story. And it never ends.

Unexcelled quality at unexpected prices.

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CONSUMER ELECTRONICS

10th Annual PMA

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Entertainment Software				
1	*Q-Bopper* Disk C-64 (Accelerated)	1,397	25.66	35,850
2	*Q-Bert* Cartridge Atari (Parker Bros.)	746	41.92	31,269
3	*Frogger* Cartridge Atari (Parker Bros.)	696	41.66	28,998
4	*Flight Simulator* Disk IBM (Microsoft)	524	38.84	20,350
5	*Choplifter* Cartridge C-64 (Broderbund)	689	29.33	20,208
6	*Miner 2049er* Cartridge C-64 (Prentice Hall)	605	30.25	18,301
7	*Temple of Apshai* Disk C-64 (Autom Smltns/Epyx)	551	30.59	16,855
8	*Wizardry Proving Grounds* Disk Apple (Sir Tech)	385	38.77	14,925
9	*Jumpman* Disk C-64 (Autom Smltns/Epyx)	452	31.79	14,371
10	*Flight Simulator II* Disk Apple (Sblgc Cmnctns)	334	41.89	13,991
11	*Zaxxon* Disk Apple (Datasoft)	449	30.55	13,716
12	*Choplifter* Disk C-64 (Broderbund)	503	25.90	13,028
13	*Miner 2049er* Disk Apple (Micro Lab)	352	32.05	11,280
14	*Castle Wolfstein* Disk C-64 (Muse)	475	22.97	10,913
15	*Zork I* Disk Apple (Infocom)	353	30.32	10,703
Educational Software				
1	*Professional Tour Golf* Disk C-64 (Spinnaker)	565	33.56	18,961
2	*Story Machine* Cartridge C-64 (Spinnaker)	608	29.93	18,199
3	*Facemaker* Cartridge C-64 (Spinnaker)	560	25.94	14,528
4	Rack with Cartridges C-64 (Spinnaker)	19	691.38	13,136
5	*Delta Drawing* Cartridge C-64 (Spinnaker)	431	30.14	12,991
6	*Kids on Keys* Cartridge C-64 (Spinnaker)	491	25.91	12,724
7	*Kindercomp* Cartridge C-64 (Spinnaker)	565	22.22	12,554
8	*Alphabet Zoo* Cartridge C-64 (Spinnaker)	487	25.58	12,457
9	*Master Type* Disk C-64 (Lightning)	382	30.84	11,782
10	*Master Type* Disk Apple (Lightning)	362	31.36	11,352
11	*Fraction Fever* Cartridge C-64 (Spinnaker)	430	26.08	11,215
12	*Typing Tutor/Word Invaders* Disk C-64 (Academy)	541	19.46	10,528
13	*Up for Grabs* Cartridge C-64 (Spinnaker)	337	29.41	9,911
14	*Dr. Logo* Disk IBM (Digital Research)	109	85.95	9,368
15	*Sargon III* Disk Apple (Hayden Software)	223	38.22	8,523

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Accessories & Supplies				
1	SDS Bulk 5¼" Disks (SDS)	69,213	1.50	103,820
2	Koala Pad Micro Illustrator, Apple	532	95.77	50,950
3	Flip N File (50) (Innovative Concepts)	2,457	19.25	47,297
4	SS/DD Unformatted Disk (Dennison Kybe)	1,941	21.28	41,304
5	Starfighter Joystick (Suncom)	981	37.98	37,260
6	Koala Pad Micro Illustrator, C-64	478	77.15	36,880
7	10-Pak SS/DD 5¼-in Disks (Dennison Kybe)	12,211	2.07	25,277
8	Joysticks (Wico)	1,177	20.36	23,959
9	Koala Pad Micro Illustrator, Atari	285	76.45	21,789
10	The Wire Tree (Network)	395	51.93	20,512
11	SS/DD Softsect Boxed (Maxell)	669	30.44	20,363
12	Computer Desk (Bush Industries)	176	110.62	19,468
13	SS/DD 10-Pac 50 + Disk (Winners)	859	20.35	17,479
14	Redball Joystick (Wico)	740	22.34	16,530
15	The Boss, Atari (Wico)	805	15.10	12,152
Hardware & Peripherals				
1	Color 1 Plus Monitor (Amdek)	1,524	298.00	454,329
2	MAI Board—IBM PC (Amdek)	130	539.90	70,187
3	Color 1 Monitor (Amdek)	202	315.70	63,771
4	Cardprint (Cardco)	319	75.23	23,999
5	12" Green Screen Monitor (Amdek)	134	146.77	19,667
6	Color Plus Monitor (BMC USA)	70	267.80	18,746
7	310A Amber Screen Monitor (Amdek)	98	179.88	17,628
8	HES Modem (HES)	262	54.64	14,315
9	Koala Pad with Micro Illstrtr, Crtrdg C-64	169	78.02	13,186
10	BM9191U Color Monitor (BMC USA)	51	247.00	12,597
11	300A Amber Screen Monitor (Amdek)	70	166.19	11,634
12	Ram Card (Microsoft)	39	269.10	10,495
13	CT 160 Monitor (Panasonic)	40	244.40	9,776
14	Apple Parallel Intrfc (Frth Dimension)	174	47.41	8,250
15	BX 80 Printer (BMC USA)	25	298.12	7,453

Source: Software Distribution Services, Buffalo, for 11½ months ended Feb. 16, 1984, covering 1,800 stores, including 324 discount stores.

PMA

PRODUCT MOVEMENT AUDIT

Educational Software to Boost Gains

By RICK BERGGREN
Dealer Support Manager
Software Distribution Services

Discounters and home computer manufacturers have long argued over the utility of home computers and whose responsibility it is to provide it. Now software appears to have taken the lead in establishing that utility.

Educational software—and, to a lesser extent, the several categories falling under the umbrella of productivity software—experienced dramatic sales growth in 1983, continuing into this year, mostly at the expense of entertainment software.

An overwhelming number of new titles coming out last year were educational because consumers have become more and more demanding for home and educational uses for their computers. Many more of them have been exposed to the technology at work.

That trend will pick up speed in 1984 as it becomes more firmly established in the mass market. So far, the transition has been slower among discounters as the changes first filtered through specialty and some department stores.

But, the strides already taken by educational software have been unmistakable. Whereas educational titles came nowhere near the top volume producers in 1982, in 1983 they occupied four of the top 15 dollar movers at retail for *all* software commonly found in the mass market.

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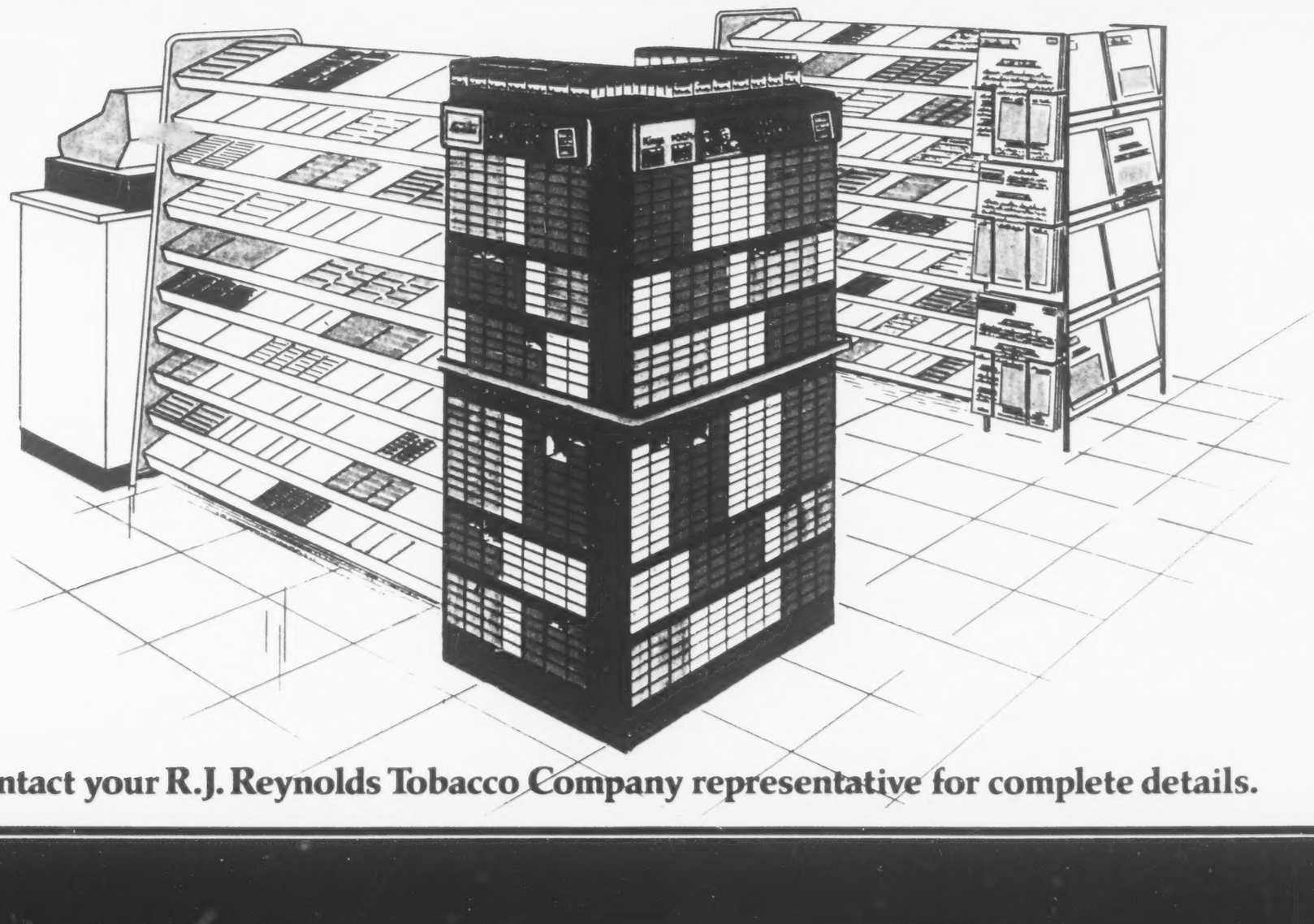

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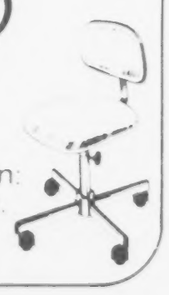

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TOYS

10th Annual PMA

PMA®

PRODUCT MOVEMENT AUDIT

Strong Year Due, Aided By Robotics

MEQUON, Wis.—Last year's most craved toys will once again ride the crest of consumer popularity, according to Jeffrey Kasch, president of M. W. Kasch Company, one of the country's largest toy distributors.

Coupled with the introduction of innovative new products and the extended marketing horizons of 1983 favorites, this year could be one of the strongest selling seasons in recent history, he said, and elaborated as follows:

Hot new entries like Mattel's Rainbow Brite doll, and the debut of robotics, a whole new fantasy category manufactured by various companies, should wind up in the upper strata of next year's Product Movement Audit. They are sure to be joined by last year's superstars—Kenners' Return of the Jedi, Mattel's Masters of the Universe, Selchow & Righter's Trivial Pursuit and last but certainly not least, Coleco's Cabbage Patch Kids.

The Major Factor

The top five could've been pretty much interchangeable. It was just a question of product delivery.

Delivery problems, especially with the most sought after toys, plagued the industry last year but buyers and manufacturers alike are optimistic about the coming season. Many discounters will be placing orders earlier, giving manufacturers longer lead time.

If delivery difficulties can be kept to a manageable level, the year looks bright. Most discounters are starting off with relatively empty shelves and price points have generally remained stable, although the trend has been to more expensive products.

I'm truly amazed at the lack of consumer resistance. People are spending between $21 and $29 for a game, Trivial Pursuit, and $30 for a Cabbage Patch doll, with no problem.

More than any other factor or trend, I see this year's successes riding on a "back to innovation" movement. Tremendous strides have been made in manufacturer merchandising, most particularly with updated versions of last year's success stories and the introduction of the hottest new segment in the industry—robotics.

The reception has been staggering. Tonka's Gobots have been selling beautifully and by the third and fourth quarters Hasbro's Transformers should be one of the biggest Christmas items on toy shelves.

The new category, joining diecast and fantasy concepts, will expand the market and could eventually develop into its own segment.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Kenner Return of the Jedi figures	297,200	2.69	799,468
2	Mattel Masters of the Universe figures	146,000	4.29	626,340
3	Selchow R Trivial Pursuit	17,500	24.99	437,325
4	Mattel Castle Gray Skull	16,300	21.99	358,437
5	Coleco Cabbage Patch Kids	15,700	19.99	313,843
6	Hasbro My Little Pony Asst	68,600	3.99	273,714
7	Hasbro My Little Pony Show	12,900	19.99	257,871
8	Hasbro Mickey Mouse Phone	13,600	16.99	231,064
9	Fisher Pr Gas and Go	15,000	14.99	225,569
10	Hasbro Combat Jet w fig	11,100	19.99	221,889
11	Mattel Baby Skates Doll	9,500	22.99	218,405
12	Eagle Rub 54-3090 9" Glo	216,900	0.99	214,731
13	Fisher Pr Phonograph	5,200	39.99	207,948
14	Hasbro Gloworm	17,100	11.88	203,148
15	Kenner Baby Strawb	10,000	19.99	199,900
16	Mattel Twirly Curls Barbie	14,700	12.99	190,953
17	Fisher Pr Tape Recorder	4,200	44.95	188,790
18	Fisher Pr Rocking Puppy	13,500	12.99	175,365
19	Schaper Stomper Water Demons	22,500	7.77	174,825
20	Hasbro Large Helicopter	13,400	12.99	174,066
21	Hasbro Charmkins Asst	75,100	2.29	171,979
22	Kenner 70490 Jabba the Hut	11,200	14.99	167,888
23	Hasbro GI Joe Motorized	8,300	19.99	165,917
24	Mattel The Farmer Says	15,100	10.88	164,288
25	Schaper L II Authentic	23,100	6.99	160,770
26	Selchow R Scrabble	17,800	8.99	160,022
27	Kenner 70520 Ewok Village	7,800	19.99	155,922
28	Parker Monopoly	17,300	8.99	155,527
29	Galoob A-Team Figure Asst	38,700	3.99	154,413
30	Kenner Care 60170 13" Care Bear	11,600	12.99	150,684
31	Ohio Art Dr J Lil Sport	9,400	15.99	150,306
32	LJN Toys Tri-Ex A-Team	21,500	6.99	150,285
33	Kenner Play-Doh 4 pack	77,800	1.88	146,264
34	Ideal High Riser 6x6	16,000	8.99	143,840
35	Kenner Strawb Shortcake Doll	16,000	8.99	143,840
36	Hasbro Lite Brite	9,500	14.99	142,405
37	Tomy Corp Bring Along A Song	10,100	13.99	141,299
38	Kenner Character & Pet Asst	17,500	7.99	139,825
39	Mattel Masters of the Unviverse	8,500	15.99	139,915
40	Hasbro GI Joe Figure Asst	41,300	3.29	135,877
41	Fisher Pr Sky Talker	5,400	24.99	134,946
42	Hasbro My Little Pony	11,200	11.99	134,288
43	Kenner Speeder Bike	16,800	7.99	134,232
44	Ohio Art Etch A Sketch	15,600	8.49	132,444
45	Playskool Big Foot	9,000	14.49	130,410
46	Hasbro GI Joe Amphibious	10,000	12.99	129,900
47	Kenner 60310 Poseable Care Bear	32,000	3.99	127,680
48	Playskool Electronic Musical	10,600	11.99	127,094
49	Fisher Pr Family Farm	5,500	22.99	126,445
50	TSR Dungeons & Dragons	14,000	8.99	125,860
51	LJN Tri-Ex Knight Rider	18,000	6.99	125,820
52	Pressman Rumikub	10,400	11.99	124,696
53	J&J Baby 5-9562 Balls	12,400	9.99	123,876
54	Schaper Fifth Wheel Stompers	22,300	5.49	122,427
55	Schaper Stomper Wild Canyon	6,000	19.99	119,940
56	Fisher Pr Chatter Phone	14,800	7.99	118,252
57	Mattel Battle Cat-Masters	14,800	7.99	118,252
58	Fisher Pr Play Desk	9,100	12.99	118,209
59	Child Guid 72802 Disney Busy	13,100	8.99	117,769
60	Mattel See N Say Asst	9,800	11.99	117,502
61	Binney Sm Crayola Caddy	9,000	12.99	116,910
62	Parker Nerf Boomerang	24,300	4.79	116,397
63	Parker Care Bears Game	14,500	7.99	115,855
64	Ideal Manglors Action	19,200	5.99	115,008
65	Mattel Angel Face Barbie	10,400	10.99	114,296
66	Hasbro GI Joe Attack	12,600	8.99	113,274
67	Intrgame Uno Game	28,100	3.99	112,119
68	Lakeside Tubtown Hasbro	6,200	17.99	111,538
69	Fisher Pr Construx Vehicle Ass	21,800	4.99	108,782
70	Lakeside Tattooz-Girls	43,200	2.49	107,568
71	Kusan Belt Racer	23,400	4.49	105,066
72	Mattel The Bee Says	9,600	10.88	104,448
73	Tonka Mighty Dump	6,900	14.99	103,431
74	Mattel Barbie Dream Canopy	6,600	14.99	98,934
75	Hasbro Big Bird Talking	5,400	17.99	97,146

Source: M. W. Kasch Company, Mequon, Wis., for calendar 1983, covering 1,700 stores, in 12 midwestern states. Average retail prices reflect typical price points for discount chains.

Cabbage Patch Kids, seen here at Richway, Snellville, Ga., sitting on toy shelves is indeed a rare sight and most discounters feel the doll will be as scarce as ever this year. *(DSN photo)*

A reminder: Stock up for Hanes® Underwear Father's Day Promotion!

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DISCOUNT STORE NEWS, CLASSIFIED DEPT.
425 PARK AVE., NY, NY 10022

DSN 4/2/84

SPORTING GOODS

10th Annual PMA

PMA® PRODUCT MOVEMENT AUDIT

Exercise, Fish Gear to Remain Dept. Mainstays

By FRANK KATLIN
Executive Vice President, Maurice Sporting Goods

A strong Christmas selling season has the sporting goods industry optimistic for a successful 1984.

After a slow start in 1983, due to inclement weather, sales moved briskly during summer and throughout the fall. Many leading retailers reported strong increases in sales for 1983, with inventories at a satisfactory level to start this year.

This year promises continued success in sporting goods. Inventories were low beginning the season and manufacturers have geared up to meet the expected demand. With strong promotional plans in place by leading retailers and producers, all conditions seem right for a strong year.

Last year in sporting goods highlighted two key areas in merchandise: fishing tackle and exercise equipment. These two areas remain the backbone for the discount stores' sporting goods department. In 1983 package fishing combinations were the leading selling items on a promotional as well as every day basis.

Exercise remained a strong category for most retailers in 1983 as physical fitness merchandise remains an emphasis in the sporting goods department. A leading item in 1983 was the Diversified Product Gym Pac which retailed for $229. This was a strong seller for many retailers at key promotional time periods. The Frabill exercise bike was also very popular retailing for $99.99. Many discount stores promoted various rowing machines in 1983. The magic price point in rowing machines remained at $100.

In the general athletic and hunting category, 1983 was a flat year. The general athletic department remained substantially unchanged, archery sales decreasing in most areas and golf merchandise increasing slightly.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	FISHING			
1	Zebco 202 & 4020 S.C. Combo-1245	24,600	10.99	270,354
2	South Bend 730 Poly Spin Combo-C730 2345	9,250	28.99	268,158
3	Daiwa Mini cast system-MC238	8,900	25.99	231,311
4	Garcia King Fisher spin combo-43 225OZ	12,480	17.99	224,515
5	Zebco 404 & 4040 S.C. Combo-1545	14,750	14.99	221,103
6	Ryobi Mag. Bait Cast Reel-VMAG4	4,700	44.99	211,453
7	Daiwa Poly Spin Combo-513 212A	9,400	20.98	197,212
8	South Bend Boron Rods-9000	4,640	39.99	185,554
9	Plano 3 Tray Tackle Box-6303	14,650	11.99	175,654
10	South Bend Graphite Rods-6000	6,200	19.99	123,938
11	Daiwa Poly S.C. Combo-108S 231AP	7,685	15.99	122,883
12	Garcia Poly S.C. Combo-302 2353z	6,480	17.99	116,575
13	South Bend Tackle Box w 201 Pc asst-TBP1	12,950	7.99	103,471
14	Fishing Caps w Asst Patches-CFP	26,500	3.69	97,785
15	Vlcheck Deluxe 3 Tray Tackle Box	5,750	14.99	86,193
	ATHLETIC AND HUNTING ACCESSORIES			
1	Crosman Powermaster BB Pellet Gun-760	2,640	32.99	87,098
2	Indian Trophy Cam Bow-A255	640	114.95	73,568
3	Tasco 7x35 Wide Angle Binoculars-2001	1,660	42.99	71,363
4	Tonka sq. toaster-SSL55	8,350	6.99	58,367
5	Outers Gun Cleaning Kits-477 8.9	8,340	6.99	58,297
6	Camo stool w Game bag-25910	4,145	13.99	57,985
7	Ez Mount Gunn Rack-100	7,640	6.99	53,404
8	Game getter Alum Arrow 3Pk-1735	3,720	12.99	48,323
9	Wilson Mark Aguirre Basketball-B1325	2,125	17.99	38,229
10	Spalding Handler Basketball-61-291	2,730	10.99	30,003
	FIREARMS			
1	Remington 12ga Auto Shotgun-5336	1,653	399.99	661,183
2	Marlin Lever act Ctr Fire Rifle-336CS	2,350	216.99	509,927
3	H & R Single Shot Shotgun	7,640	59.99	458,324
4	Ruger 22cal Auto Carbine-10 22RB	3,865	115.99	448,301
5	Marlin 22cal rifle w scope-60S	2,365	89.99	212,826

Source: Maurice Sporting Goods, Chicago, for calendar 1983. Maurice distributes to 31,000 stores, 72% of them discount stores, in 36 states. Prices reflect average price points of discount clients.

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HOUSEWARES SHOW
See Special Section: Pp. 25-94

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 23, NO. 8 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 per copy | APRIL 16, 1984

Service Mdse. to Use Mini-Showrooms For Los Angeles Invasion

NASHVILLE—Service Merchandise will use mini-showrooms to invade Los Angeles, the nation's No. 2 market, next month.

The three mini-showrooms that are currently set to open in the Greater Los Angeles Area are among the five scaled-down stores Service Merchandise presently plans to unveil this year. All told, the cataloger already has 16 new showrooms on tap for 1984. Last year, it opened 19.

The use of mini-showrooms is part of the cataloger's effort to run more productive stores by gearing a specific format to a unit's footage and market needs. The basic mini-store prototype features a limited display of goods; little, if any, not-in-catalog items, and the operational pairing to a larger host showroom for merchandise replenishment.

None of the scaled-down showrooms due this year follows the unusual jewelry-only display format that Service Merchandise is testing in a 14,000-sq.-ft. store in the Huntington Mall, Huntington, W. Va., which opened in November 1983.

That unit's small display area just has a jewelry department, and also shows about 100 sku's of silver and crystal. But, all the merchandise found in the 492-page catalog is stocked in the warehouse for immediate ordering and pickup.

(Continued on page 114)

Top Execs' Ouster Puts Howard On Faster Track: Parent Wickes

By AL HELLER

MONROE, La.—The sudden ouster of Howard Brothers cofounder and chairman W. L. (Jack) Howard and president R. Jim Howard places the discount chain on a faster track, insist Wickes Co. officials.

No other management changes were expected at the chain.

The bad news came to the Howards at an evening meeting March 19 at the Monroe Holidome, when Wickes chairman, president and ceo Sanford Sigoloff asked for the senior Howard's retirement and the son's resignation, effective immediately.

That same day, Wickes Furniture president Walter Kaye resigned. It followed by 13 months the termination of another key Wickes divisional executive, Red Owl Supermarkets president George

(Continued on page 111)

W. L. (Jack) Howard

R. Jim Howard

New Programs at Howard Include Soft-Goods Hypo

MONROE, La.—Powered by the thrust of new leadership, and new merchandising and operations programs, Wickes expects Howard Brothers to quickly become more competitive in its markets.

Changes implemented by Bernard Kritzer, parent Wickes' senior vp and group officer, will include: upgrading soft goods' share of space and sales from 30% to 38%-40% within five years; using brand names in soft goods; pricing more competitively; revamping advertising toward more use of electronic media; developing its own sites to suit needs, rather than taking over second-use locations; improving store lighting and decor, and possible addition of hard lines departments, he said.

Some of those changes will be tested in two new 50,000-sq.-ft. Knoxville, Tenn., stores debuting this month. Others will be seen for the first time in a planned 70,000- to 80,000-sq.-ft. prototype being unveiled next spring in Monroe.

"It will remain a regional chain, but will expand to new markets and re-evaluate stores

(Continued on page 111)

Battery-Powered Thermostat Singled Out

New Products Lure Hardware Buyers

By LARRY RIGGS

Discount hardware buyers walking the National Home Center Show in Chicago last month expressed the most interest in adding new battery-powered thermostats and security devices and new power tools to their assortments this year.

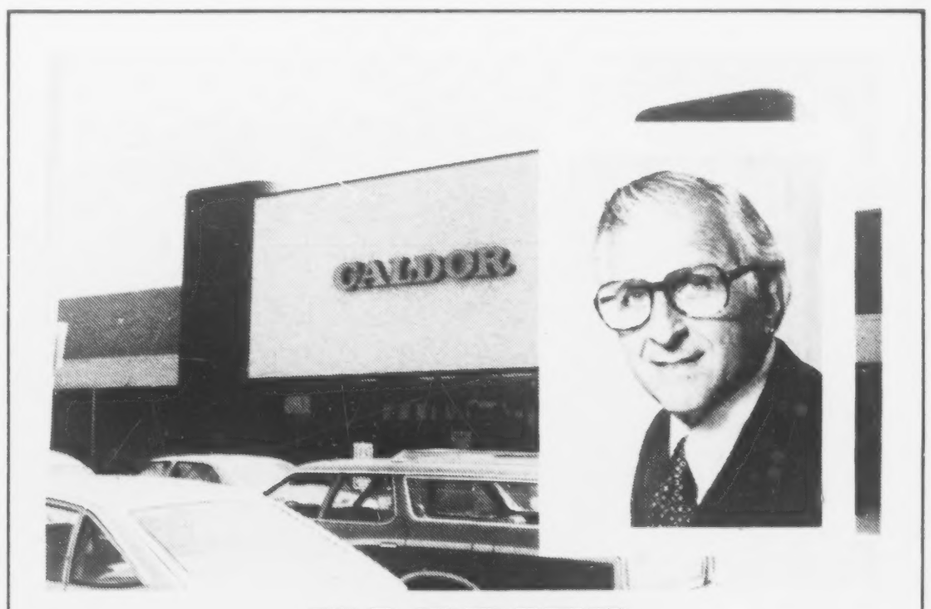
Black & Decker's new lighter-weight 47 millimeter drills; First Alert's, Honeywell's, and Robertshaw's battery-powered DIY thermostats; newly packaged Diablo electronic security devices, and two new imported Testrite wrenches were the items most likely to make their way into discount hardware selections this year, the buyers reported.

The new product with the widest discounter appeal was the battery-powered thermostat. K mart has already tested them in three California stores and plans to roll them out nationally this year while Heck's and Richway plan to do likewise, if the manufacturers can make a few modifications.

"I'm a little leery of the price points," said a buyer at Gee Bee. "We would have to sell them in the $49.99 to $59.99 price range and I'm not sure if our customers would care for us to get into that kind of business." Nevertheless, the Johnstown, Pa.-based chain will conduct tests on three sku's of them later this year.

The appropriateness of marketing the thermostats in discount stores was another point, raised by Heck's. "It's a new category this year and I have not done any in-depth research about them," said Carlos

(Continued on page 111)



IN BRIEF

• **AS CALDOR NEARS ITS 100TH STORE OPENING, CHAIR**man Carl Bennett (above) announced his retirement, to begin at the end of next month, 32 years after founding the chain. The 64-year-old Bennett will also leave his post on parent company Associated Dry Goods' board. The decision to retire coincides with the end of a three-year contract for Bennett to remain as chairman following ADG's acquisition of Caldor in 1981.

• **MURPHY'S MART UNVEILED A TWO-STORE TEST OF** an upgraded presentation in Robinson Township, Pa., and Gallipolis, Ohio. Tagged FIND (Fashions in New Dimension), the concept features an all-apparel infield with fingerwalls and fashion posters.

• **ASHBY'S, THE BETTER WOMEN'S APPAREL DISCOUNT** chain owned by Best Products, will be expanded to 30 stores by the end of 1984, said Joel Koblentz, executive vp and chief financial officer.

Digest

April 16, 1984

HOUSEWARES SHOW

• **Discounters converged on** the housewares show in Chicago in a bullish mood, expecting a 10% sales growth for the year. See *DSN*'s special housewares section (pp. 25-94).

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Meyer, Eying Low-Cost Growth, Agrees to Buy Grand Central

PORTLAND, Ore.—Fred Meyer plans to make a major expansion out of its Pacific Northwest home market into five Rocky Mountain states through the relatively low-cost method of acquiring Grand Central.

The two discounters have reached an agreement in principle under which privately held Fred Meyer will buy publicly held $256 million Grand Central for $11 a share or about $25 million for the latter's 2.3 million shares outstanding.

A Fred Meyer spokesman said the acquisition would enable the company to expand into new markets at less cost than if it had to build new stores, buy market share through promotions and incur other expenses related to going into a new area.

Grand Central has been a takeover target in the past, at one time reaching a tentative agreement with the A&P supermarket chain that fell through. Fred Meyer and Target were also reported interested in the Salt Lake City-based discounter.

Grand Central expects the agreement with Fred Meyer to be completed by June. It is sub-

(Continued on page 111)

Grand Central/Fred Meyer

HOUSEWARES

Automatic drip coffeemakers, shown at Pamida, Albert Lea, Minn., set the sales pace in traffic appliances. Low-end models sell strongly, though many chains cannot get enough space-saving units. *(DSN photo)*

% of U.S. Households Using Coffee-Making Items

Product	1975	1981	1982	1983	Percentage-Point Change, 1975-83
Electric percolator	51	27	24	22	– 29
Electric drip	7	49	52	52	+ 45
Regular percolator	24	12	10	10	– 14
Drip pot	9	6	7	9	0
Filter cone	4	3	4	4	0
Steeping pot	3	2	2	2	– 1
Vacuum coffeemaker	2	1	—	—	– 2

Source: International Coffee Organization

Surging in popularity since 1875, electric drip coffeemakers are now used by more than half of America's households. Their growth has largely been at the expense of electric and regular percolators.

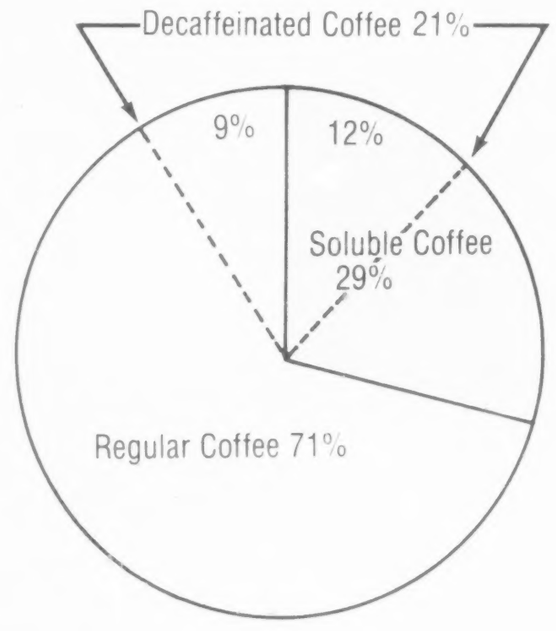
Coffee Cups Per Person/Per Day

	1962	1981	1982	1983	Percentage-Point Change, 1982-83
All Coffee	3.12	1.92	1.90	1.85	– 0.05
Regular	2.45	1.38	1.33	1.31	– 0.02
Soluble	0.67	0.54	0.56	0.53	– 0.03

Source: International Coffee Organization

Coffee keeps losing ground to soft drinks as one of America's favorite beverages. Consumption dipped again in 1983, though at a lower rate than in recent years. Coffee's sole growth segment remains decaffeinated blends; a mere 4% of Americans drank decaffeinated coffee in 1962 compared with 15% in 1983.

Types of Coffee Consumed



Source: International Coffee Organization

Decaffeinated coffee continued to win favor among coffee drinkers in 1983, accounting for 21% of all coffee consumed, including 12% of soluble (instant) coffee consumption.

Drops in Consumption of Coffee Continue Four-Year Downtrend

NEW YORK—Consumers may be buying electric coffeemakers at a frantic pace, but they're clearly drinking less coffee.

The nation's coffee-drinking public shrank in size by 1.1% in 1983, and the number of cups drank per person fell 2.6%, reported the *Coffee Drinking Study, Winter 1983* conducted by the International Coffee Organization.

Both drops continued four-year downtrends.

Americans are drinking less coffee than ever before—1.85 cups per person per day, or 41% below 1962's peak level of 3.12 cups, the study said. Roughly 71% of coffee consumed remains regular rather than soluble (instant).

Among coffee drinkers only, 1983 consumption was 3.36 cups per day, barely below the 1982 level.

Last year's consumption drop of 2.6% overall compares with a decline in 1982, a 5% fall in 1981 and a 1.9% drop in 1980, according to the study which polled 7,500 persons aged 10 and up.

That downtrend was felt mostly in brewed coffee; more people are drinking instant today than ever before. Instants now account for 29% of all coffee consumed in the United States, including decaffeinated blends, and 1983 continued the long-term curve.

Growth in the popularity of decaffeinated coffee leveled in 1983 at 21% of all coffee consumed, but the segment's 20-year uptrend is still evident. Roughly 1 American in 7 now drinks decaffeinated compared with 1 in 25 in 1962.

The number of people drinking coffee in all age groups has declined steadily since 1962. The 20- to 29-year-old group has abandoned coffee most dramatically—81% were coffee lovers in 1962 compared with 42.6% currently. In 1983, coffee lost its drinking base heaviest among persons 30 and over.

T.G. & Y.'s Parent Appoints McMillan

CHICAGO—Norman H. McMillan has joined Household Merchandising as executive vice president for planning and development, leaving Montgomery Ward where he held a similar position.

The strategic planning post has been newly created by Household Merchandising, which owns T.G. & Y. and Ben Franklin Variety stores in addition to several other retail ventures. It is a division of Household International.

Prior to his service at Montgomery Ward, McMillan was president of Pacific Stereo, one of the largest specialty electronics discounters.

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HOUSEWARES

PRODUCT MOVEMENT AUDIT

Special-Buy Promotions To Increase

By HAROLD RUBIN
President,
HalMar Distributors

Discounters are looking to improve housewares department productivity in two ways:

by trading up wherever reasonable, and by engaging in more special-purchase promotional activity.

Glassware and plastics are particularly good items for this heightened promotional use. Indeed, discounters are running more and more ads which offer entire categories at, say, 30% off, rather than specific items only. Chains may change patterns or colors, or category segments, but are remaining stable with departments that are already set.

While discounters remain steady, manufacturers have stemmed their new product onslaught. The prevalent mood in housewares is like that of five years ago when traffic appliances proliferated to ridiculous lengths with items like hotdog and burger makers—and then suppliers quickly reverted back to basics.

There are simply no new housewares categories that retailers can sink their teeth into—or seem ready to gamble on. Items introduced at the 1984 Housewares Show will have to win over retailers who are planning their assortments better on the basis of improved movement information.

(Continued on page 50)

Cleaning/Chemicals

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	3M FC4101 16-oz Scotch Guard	12,013	6.83	82,048.79
2	—	Texize 084 Glass Plus 32-oz Pistol	27,000	2.51	67,770.00
3	3	Texize 271 Fantastick 32 oz	24,530	2.60	63,778.00
4	2	Johnson 339 Jwax Lemon Pledge 14 oz	15,185	3.14	47,680.90
5	9	Scotts A14 Liquid Gold 14-oz Aerosol	8,198	4.49	36,809.02
6	4	Drackett 293 Endust 10 oz	10,500	3.50	36,750.00
7	14	Scotts P16 Liquid Gold 16-oz Pourable	7,044	4.40	30,993.60
8	—	D-Con 201 Ready Mix 16 oz	9,770	3.14	30,677.80
9	—	Texize 293 Fantastik Refill 64 oz	6,636	4.31	28,601.16
10	7	Drackett 156 Vanish 48 oz	11,387	2.51	28,581.37
11	8	Johnson 182 Future 27 oz	6,276	4.49	28,179.24
12	5	Drackett 159 Vanish Automatic 12 oz	12,218	2.15	26,268.70
13	6	Johnson 327 Wood Pledge 14 oz	8,111	3.14	25,468.54
14	—	D-Con 50-DCON House Pruf 20 oz	18,411	1.34	24,670.74
15	—	Drackett Indstrl Strngth Drano 32 oz	10,596	2.24	23,735.04

Gadgets

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	407-21 Hand Swing A Way	24,091	4.85	116,841.35
2	—	M H Rhodes 29031-UC Timer White	9,398	7.64	71,800.72
3	—	M H Rhodes 29035-UC Timer Almond	8,001	7.64	61,127.64
4	—	Intermatic D811B Cordless Timer	3,927	12.59	49,440.93
5	—	Intermatic D111B Plug-in Timer	5,414	8.99	48,671.86
6	—	107 Swing A Way Jar Opener	19,330	2.51	48,518.30
7	—	Ekco 00050 Stainless Peeler	29,567	1.61	47,602.87
8	—	Ekco 4 Way Can Opener	26,698	1.61	42,983.78
9	—	Helmac H8300 Lint Brush	13,289	3.14	41,727.46
10	—	Ekco 08850 Miracle Can Opener	36,900	1.07	39,579.30
11	—	Helmac 39RC Lint Refill	18,708	2.06	38,538.48
12	—	Range Kleen 102 Range Reflector 8"	12,135	2.96	35,919.60
13	—	Intermatic D711B Sprcp Plg-in Tmr	3,254	10.79	35,110.66
14	—	Range Kleen 101 Range Reflector 6"	13,919	2.51	34,936.69
15	—	Ekco 00030 Peeler	44,399	0.77	34,187.23

Pyrex

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	233 Utility Dish	21,766	6.74	146,702.84
2	9	516 Measure	41,269	3.14	129,584.66
3	10	463 D Custard Cup	33,546	3.77	126,468.42
4	1	115 Hurricandle	12,197	10.16	123,921.52
5	6	2320F 2-qt Bake Dish & Basket	10,037	11.60	116,429.20
6	4	6230F Covered Cssrl & Bskt Fsid	10,469	10.52	110,133.88
7	—	229 Pie Plate	33,306	3.05	101,583.30
8	5	2330 3-qt Bake Dish & Basket	5,637	17.81	100,394.97
9	—	2220F Square Cake Dish & Basket	8,441	10.52	88,799.32
10	8	234 Oblong Bake Dish 4 qt	9,759	8.90	86,855.10
11	7	508 Measure	32,375	2.60	84,175.00
12	—	440-80 Bowl Set 4-pice Shend	4,265	17.99	76,727.35
13	13	232 Utility Dish	12,466	5.84	72,801.44
14	—	532 Measure	14,318	4.67	66,865.06
15	—	210 10" Pie Plate	20,506	3.23	66,234.38

Cookware

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Ekco 64330 Bakers DB Cake Pan	41,748	3.95	164,904.60
2	2	Ekco 64110 Bakers Cookie Sheet	36,787	4.40	161,862.80
3	3	Ekco 64100 Bakers Cookie Sheet	35,090	3.95	138,605.50
4	4	Ekco 64200 12-cup Muffin	22,321	4.76	106,247.96
5	5	Ekco 64260 Bakers Roast Bake	18,253	5.39	98,383.67
6	6	Ekco 64470 Bakers Loaf Pan	22,800	3.59	81,852.00
7	10	Ekco 64080 Bakers Cookie Sheet	19,458	3.23	62,849.34
8	7	Ekco 54110 Cookie Sheet	21,980	2.69	59,126.20
9	—	Mirro C5509 2292CN 9-cup Percolator	6,708	8.36	56,078.88
10	13	Hillside HM60SP Spring Form Pan	7,576	6.74	51,062.24
11	9	Ekco 64590 Bakers Pizza Pan	12,755	3.95	50,382.25
12	—	Mirro MO932-36 Tea Ktl Brwn 2.5 qt	7,826	6.29	49,225.54
13	—	Mirro MO932-36 Tea Ktl Gld 2.5 qt	7,668	6.29	48,231.72
14	—	Ekco 64820 Bakers Cake Mix	14,830	3.23	47,900.90
15	11	Ekco 64070 Bakers Loaf Pan	16,827	2.87	46,743.69

(Continued on page 50)

Cash In On Our Package Deal:
Deauville's Fashion Outlet Malls/Houston.

Houston
I-45 North
300,000 sq. ft.
Now expanded to
500,000 sq. ft.

Houston
I-10 East
115,000 sq. ft.

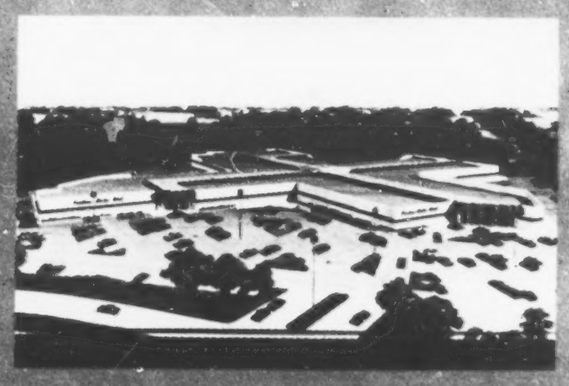
Houston
Hwy. 59 Southwest
300,000 sq. ft.
Now expanded to
350,000 sq. ft.

Houston
I-10 West
105,000 sq. ft.

Houston
I-45 South
300,000 sq. ft.
Now expanded to
450,000 sq. ft.

Houston
Hwy. 290 Northwest
225,000 sq. ft.

Now, in America's fourth-largest city, you can get a multi-mall deal through one developer. With six prime Houston sites already under development and more to come soon, we can offer promotional and off-price retailers the right spaces in all the right places. Call us for more information about the Houston market. You'll bag a great deal.



Deauville
Fashion Outlet Malls
Deauville Development Corporation
The Deauville Building
550 Post Oak Blvd., Houston, Texas 77027, 713/626-9292, Telex: 791470

Woolworth Debt Rating Raised

NEW YORK—F. W. Woolworth's senior debt rating has been raised from Baa2 to Baa1 by Moody's Investors Service. Woolworth's closure of U.S. Woolco stores and the sale of its 52.6% equity stake in Woolco's British subsidiary prompted the upgrade, the rating service said.

Moody's said it expects Woolworth to concentrate on refurbishing and remerchandising its United States variety store division and to expand Kinney Shoes, its specialty store business. The rating agency said these efforts and cost containment programs should help improve Woolworth's overall performance and put the retailer in a strong financial position by the end of its current fiscal year.

F. W. Woolworth, headquartered here, operates more than 5,000 units in the United States and overseas.

HOUSEWARES

Microwave

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	5	Corning MW116 5-piece Set	3,080	35.99	110,849.20
2	1	Corning M-W-2 Grill	3,149	31.49	99,162.01
3	—	Corning M375 Trio Set	2,179	35.99	78,422.21
4	6	Corning MW-11 Browning Grill	3,845	20.24	77,822.80
5	—	Nordic 62304 Micro-Go-Round	1,416	43.19	61,157.04
6	—	Corning MC4 2½-qt Oval Dish	2,527	17.99	45,460.73
7	8	Corning MR1 Rack	2,797	11.69	32,696.93
8	—	Corning MC6 Divided Dish	1,635	18.89	30,885.15
9	—	Corning MW101 Set	905	29.69	26,869.45
10	14	Corning M68 Cook 'n Pour Pan	1,123	19.70	22,123.10
11	4	Corning MW-360 Set	380	56.42	21,439.60
12	—	Corning MW-210 Set	215	73.43	15,787.45
13	—	Corning MW83-W Menuette Browner	728	33.11	24,104.08
14	11	Corning MW12 Pizza Crisper	287	31.13	8,934.31
15	—	Corning M270 Red Cover Dish	318	16.19	5,148.42

Corning

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	F330 French White 3-piece Set	2,551	49.49	126,248.99
2	—	F330-55 French Bis 5-piece Set	1,922	49.49	95,119.78
3	—	F260 French White 3-piece Set	3,076	30.14	92,713.72
4	—	F21 French White 4 5-qt Open Roast	3,050	27.26	83,143.00
5	10	F2 French Whi 2½-qt Oven Cvrd Cssrl	3,867	20.96	81,052.32
6	—	A33 Trio Cornflower	3,348	24.11	80,720.28
7	—	F260-55 French Bis 3-piece Set	2,400	30.14	72,336.00
8	—	P166 6-Cup Percolator Corn	2,964	23.75	70,395.00
9	—	A33-8 Trio Set Spice	2,400	27.89	66,936.00
10	2	P150 Grab-It Set	5,045	12.14	61,246.30
11	—	P-166-8 6-Cup Percolator Spc	2,342	25.55	59,838.10
12	—	F1 French Whi 2½-qt Cvrd Cssrl	2,819	20.96	59,086.24
13	—	F14 French Whi 4-qt Cvrd Ovl Cssrl	2,060	28.16	58,009.60
14	—	V300 Visions 6-piece S Pan Set	1,283	43.37	55,643.71
15	—	A 3 Corn Saucepan	2,196	21.23	46,621.08

Table Top

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Corelle 16-4 16-piece Set Gold	6,488	2.84	213,065.92
2	12	Corelle 16-23 16-piece Set mb	6,172	32.84	202,688.48
3	—	Cstone T20-82 20-piece Set CB	1,960	86.39	169,324.40
4	2	Corelle 16-1 16-piece Set Green	4,806	32.84	157,829.04
5	5	Corelle 16-5 16-piece Set Blue	4,804	32.84	157,763.36
6	—	Cstone T20-81 20-piece Set rg	1,644	86.39	142,025.16
7	7	Expressions 2020-13 20-piece Meadow	1,652	65.69	108,519.88
8	9	Corelle 16N 16-piece Set White	3,218	32.84	105,679.12
9	6	Exprsns 2020-12 20-pc St Ind Smr	1,593	65.69	104,644.17
10	3	Corelle 16-6 16-piece Set Wdln	3,056	32.84	100,359.04
11	4	Expressions 2020-7 20-pc Wldflr	1,454	65.69	95,513.26
12	—	Cstone 20-piece Set Bel	1,070	86.39	92,437.30
13	10	Dimension IV 3216-34 16-pc St Slt	1,906	47.69	90,897.14
14	—	Dimension IV 3235-32 35-piece Set Cin	763	110.24	84,113.12
15	8	Expressions 2020-16 20-pc St Strwbry	1,187	65.69	77,974.03

Glassware

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Anchor 3600 672A Entertnr Set 40 pc	4,408	30.59	134,840.72
2	12	Libbey 81837T 18-pc Capri St Twny	3,711	14.39	53,401.29
3	15	Libbey 81837D 18-pc Capri St Blue	3,330	14.39	47,918.70
4	4	Libbey 824868 24-pc Bolero Blue	2,607	17.99	46,899.93
5	—	Libbey 82486T 24-pc Bolero Twny	2,231	17.99	40,135.69
6	—	Libbey 81837K 18-pc Capri St Gold	2,684	14.39	38,622.76
7	6	Libbey 82437D 24-pc Bl Count Squire	1,297	29.69	38,507.93
8	—	Libbey 82437 24-pc Cry Count Squire	1,282	26.99	34,601.18
9	10	Libbey 82430K 24-pc Go Cntry Gdn	1,361	23.39	31,833.79
10	—	Libbey 8476 Tulip Grande 9 oz	13,380	2.33	31,175.40
11	11	Libbey 82482 24-pc Chivalry	1,005	26.09	26,220.45
12	—	Anchor 4512 Wexford bev	14,951	1.70	25,416.70
13	—	Libbey 8464 Citation Wine 8 oz	15,690	1.61	25,260.90
14	—	Anchor BB 3100/324 18-pc Plaza Bl	1,703	14.30	24,352.90
15	—	Libbey 376T Tawny Bev 4 pk	6,292	3.86	24,287.12

(Continued on page 52)

PMA PRODUCT MOVEMENT AUDIT

Promotions

(Continued from page 47)

Although New England experienced a solid economy in 1983, and it appears to be the same in 1984, buyers will generally have to plan ordering farther in advance—particularly as the year goes on. That's because manufacturers will be keeping their inventories lean in 1984, in anticipation of higher interest rates.

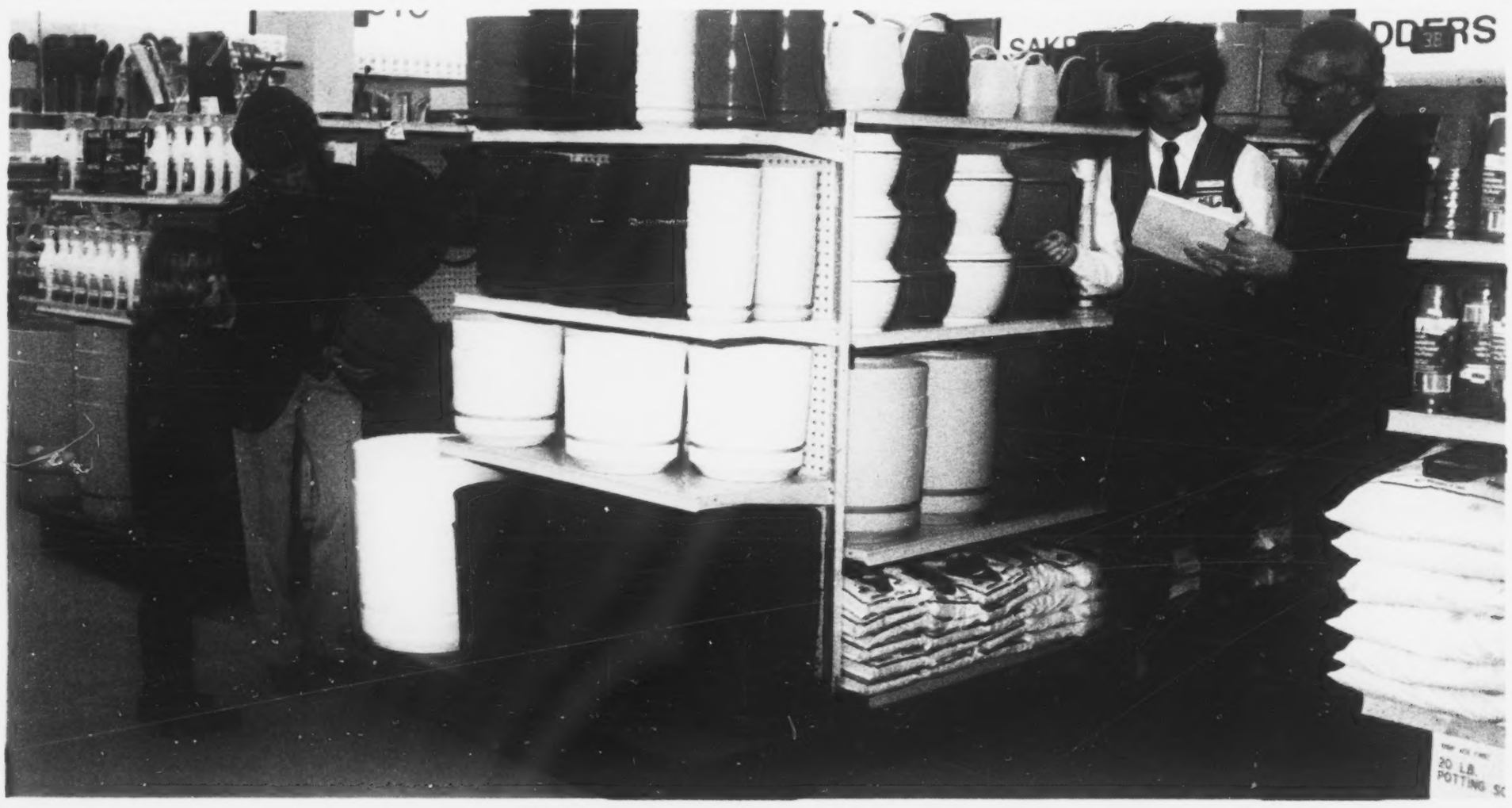
Still, the economy shouldn't dampen housewares business this year. If the economy stagnates, we'll have a lot of replacement sales. If it turns more vibrant, with increases in housing starts, we'll see broad-based sales strength of new goods.

New Moves

To capture part of that growth, manufacturers who've never offered rebates before are doing it this year. Since only a relative handful can afford to advertise nationally, others are turning to rebates to get consumer exposure on the shelves. As contraction among manufacturers continues, whoever's left is going head to head. Besides, how many consumers spurred by a rebate to buy product actually request it?

Cookware and gadgets are currently our leading growth categories. We attribute that to new household formations, increases in home entertainment and home cooking. As in dinnerware, where many people have a good set for company and an everyday set for themselves, tandems of cookware sets are

(Continued on page 52)



How to maximize your profits in planterware sales

STRATEGY NO. 1 Stock 40 or 50 SKU's of the fastest-selling decorator plastic planters to maximize your profit yield per foot. Match your merchandise to your customers; continually weed out slow sellers, and add new sizes, styles, and colors, to achieve the optimum product mix for your store. Keep in mind that the average number of plastic planters per household has increased 230% over the past 7 years, and will continue to increase.

STRATEGY NO. 2 Stock more of the larger size plastic planters. Research shows that large containers have grown in sales more than the medium and small sizes because 77% of plant owners buy new planters for repotting plants that have outgrown their present containers.

STRATEGY NO. 3 Buy Garden Scene® planterware from the one company that helps you sell-through. Duraco Products supplies you with more than a full line of quality planterware. We stand behind you with new market research statistics, and the commitment to increase your bottom line profits.

FREE BROCHURE

Write or call for our full line brochure, and for more ideas on marketing Garden Scene® planterware.

Garden scene

Duraco Products, Inc.
1109 E. LAKE ST., STREAMWOOD, IL 60103
800/323-6762 IN IL 312/837-6615
formerly Phillips Products Co., Inc.

Training of Buyers To Be Discussed

WASHINGTON—Buyer-training programs will be one of several topics discussed at the Association of General Merchandise Chains' merchandising/advertising conference, April 25-27, at the Opryland Hotel, Nashville.

Updates on legal aspects of merchandising/advertising, market research data, and strategies in advertising will also be discussed.

Additionally, the conference will address ideas for in-store promotions, and import quotas and Government regulations.

Danners' Volume Up 22% in Feb.

INDIANAPOLIS—Danners' unaudited sales for the four-week period ended Feb. 25, 1984, were $10,500,000, an increase of 22% over the same period last year.

The 22% rise represents the fourth consecutive double-digit monthly sales increase.

The 3D discount store division represents approximately 85% of the company's total sales.

HOUSEWARES

1983 $ Rank	1982 $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Plastics					
1	4	Tucker T-334 Trash Can 22 gal	5,397	8.99	48,519.03
2	7	Loma 364 32-gal Rfs Cntnr Lckld	3,438	12.32	42,356.16
3	—	Eagle E2757 2-qt Juice Dcntr Clr	19,380	1.97	38,178.60
4	1	Republic 156 Freezette 1 qt	12,300	2.96	36,408.00
5	—	Sterilite 7600/A Shoe Box	19,056	1.79	34,110.24
6	—	Sterilite 7800/A Large Sweater Box	5,531	6.11	33,794.41
7	2	Vanderbilt 751 Nylon Baster	26,088	1.25	32,585.00
8	10	Sterilite S2122 2-qt Refrigerator Bottle	17,660	1.79	31,611.40
9	3	Republic 154 Freezette 1 pt	9,724	2.96	28,783.04
10	—	Sterilite 7700/A Sweater Box	5,926	4.49	26,607.74
11	—	Artisan 7236 Strawberry Casual Set	1,082	24.49	26,499.18
12	—	Deka SU560 Smurfs Plate 9"	7,512	3.23	24,263.76
13	—	Artisan 7208 Dawn 24-pc Casual St	1,004	24.49	22,579.96
14	—	Alabaster 83111 Trendee Ice Cb Try	13,181	1.70	22,407.70
15	—	Sterilite S2121 1-qt Refrigerator Bottle	17,859	1.25	22,323.75
Rubbermaid					
1	1	2965 Laundry Basket Chocolate	18,857	5.75	108,427.75
2	5	2965 Laundry Basket Almond	18,168	5.75	104,466.00
3	4	2864 Fliptop Basket Chocolate	11,882	8.36	99,333.52
4	11	0450 Bath Mat Light Blue	26,643	3.59	95,648.37
5	8	0450 Bath Mat White	24,581	3.59	88,245.79
6	10	2850 Basket Liftlid Chocolate	10,245	8.36	85,648.20
7	15	2864 Fliptop Basket Almond	9,400	8.36	78,584.00
8	14	6032 Dish Drainer Almond	11,765	6.47	76,119.55
9	13	0450 Bath Mat Chocolate	21,008	3.59	75,418.72
10	12	6032 Dish Drainer Chocolate	11,115	6.47	71,914.05
11	—	2858 Step-on Wastebasket Chocolate	5,616	12.59	70,705.44
12	—	2850 Basket Liftlid Almond	8,404	8.36	70,257.44
13	—	0450 Bath Mat Dark Almond	18,290	3.59	65,661.10
14	—	2845 Basket Chocolate	13,745	4.76	65,426.20
15	—	6008 Drainer Almond	11,340	5.66	64,184.40

Source: HalMar Distributors, Holyoke, Mass., for calendar 1983, covering more than 500 stores, including 400 full-line discount stores from New England to the Carolinas. Average retail prices reflect typical price points for discount chains.

Fashionable wicker baskets are bringing a taste of country living into discount chains across the country including here at Pamida, Albert Lea, Minn. *(DSN photo)*

PMA®

PRODUCT MOVEMENT AUDIT

Promotions

(Continued from page 50)

turning up in kitchens today. People might have a glass set and a metal set—one for everyday, one for better.

Ekco's Baker's Secret dominates our cookware performance ratings; the same supplier's Classics line, introduced last fall, is getting distribution now. It's higher style, with fluted design items like flan-pans and scalloped cake pans, and should retail about $1 more per item than the current line.

Corning's new Visions top-of-stove cookware has done well since its introduction, in large part because of its fashionability and sleek packaging. High style is luring customers today.

Similarly, gadgets such as nylon kitchen tools demonstrate today's popularity of coordinated colors and patterns.

Small plastics is a category in which discounters are trading up from, say 19¢ tumblers to more fashionable $1 tumblers, and are meeting no consumer resistance. Butter dishes, bowls and containers are experiencing similar upgrading at the retail level.

In tabletop, heavy specials dominated the first two months of 1984. Perhaps the most extreme promotion was offered by Corning on its Livingware sets —the result being a drop in the hot retail promotional price from $19.99 to $12.99-$13.99. We think Corning is looking for open-stock business down the road.

More Emphasis

There's a lot of activity in microwave cookware and accessories, following a strong Christmas gift season for microwave ovens. New England has greater penetration in this category than in the past. Retailers view microwaves as a lifestyle product, so they're adding a lot of sku's. From manufacturers, we anticipate many new cookware products at the housewares show; we're already seeing improved packaging that's more colorful and informative.

Glassware showed a great deal of strength last year in combination sets of 16-[illegible] pieces. However, I think we'll see a lot more 12's this year so retailers can maintain the magic price points of $9.99 on promotion up to $14.99 everyday, depending on sets' design and configuration. Our bulk and 4-pack business has remained steady.

In closet and storage, we expect to see retailers trade up their assortments to include closet organizers.

Wal-Mart Hikes Payout

BENTONVILLE, Ark.—Wal-Mart's board of directors increased the annual cash dividend to 21¢ a share, a 50% increase from last year. The dividend, payable April 11, 1984, to shareholders of record March 23, 1984, will be distributed quarterly at the rate of 5¼¢ per share.

Meco® announces the start of a better finish.

INTRODUCING DURA FUSE™

A space-age finish that looks better and lasts longer than ordinary paint.

Now MECO® products come with another built-in sales advantage. Our new heavier, richer and more durable DURA FUSE™ finish.

This new, improved finish gives MECO products a luster that outshines and outsells other products in their class. It's the product of a remarkable dry powder application system which uses a space-age polymer in place of solvent-base paint.

Our new DURA FUSE finish also gives you more satisfied customers because it doesn't scratch or chip like ordinary paint and holds its true color longer. Not only that, but DURA FUSE better withstands impact, corrosion and the abrasions that occur during shipping and handling.

Finding the best buy in casual furniture and barbecue grills is easy—if you start with a better finish.

Come see the DURA FUSE™ difference at the Housewares Show, MECO® Booth #5162-65 and 5262-65.

MECO® CORPORATION

P.O. Box 1000 (1500 Industrial Rd.)
Greeneville, TN 37744-1000 • 615/639-1171

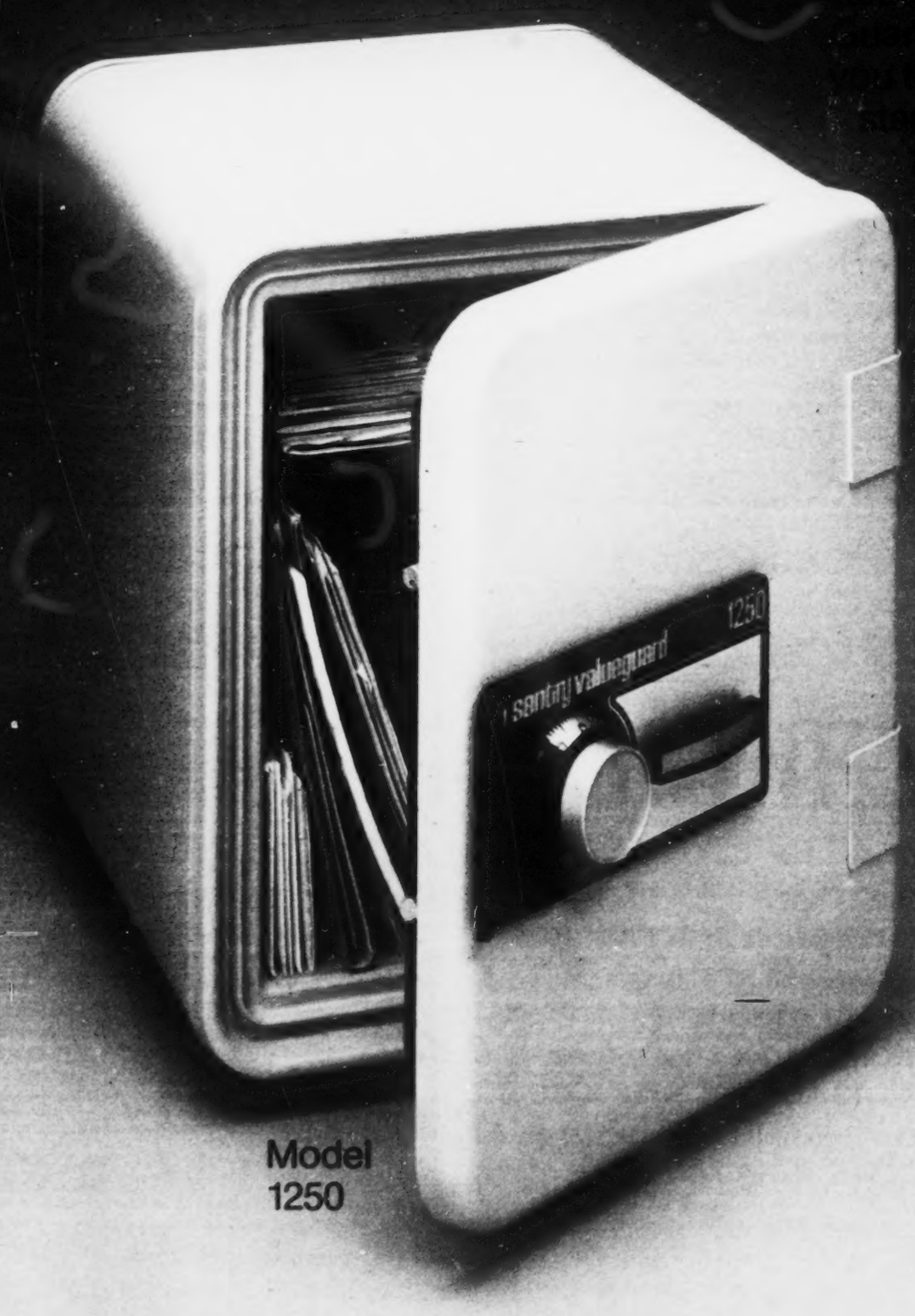
HOUSEWARES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Small Plastics				
1	Foley 253 Nylon Turner	2,460	0.63	1,549.80
2	Foley 254 Nylon Basting Spoon	1,914	0.63	1,205.82
3	Foley 268 Nylon Slot Spoon	1,571	0.63	989.73
4	Foley 266 Nylon Fork	1,338	0.63	842.94
5	Deka Plastics GR510 Garfield Mug	408	1.23	501.84
6	Deka Plastics 740 Ice Cream Cone Mug	432	1.16	501.12
7	Sterilite 7204 Mini Tray 2-Pack	432	1.12	483.84
8	Republic Molding 183 Pitcher 18 oz	384	1.23	472.02
9	Republic Molding 187 2-qt pitcher	228	1.89	430.92
10	Eagle 2757 Juice Bottle 2 qt	216	1.51	326.16
Corning				
1	P-168-57 Chocolate Teapot	519	17.69	9,181.11
2	P-811-BP Main Plate	954	8.05	7,679.70
3	P-168-60 Blue Teapot	411	17.69	7,270.59
4	P-168-58 Lemon Teapot	360	17.69	6,368.40
5	P-168-59 Cranberry Teapot	276	17.68	4,879.68
6	P-155 Grab It Bowl	555	8.07	4,478.85
7	P-14 Casserette Dish	602	7.18	4,322.36
8	P-140 Side Kick Dish	549	7.15	3,925.35
9	P-166-8 6 Cup Perc Sp	153	21.29	3,257.37
10	P-166-7 6 Cup Perc Fl	135	21.29	2,874.15

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
Pyrex				
1	603 Single Fastfood Dish	828	5.82	4,818.96
2	95 Mix Bowl Set 3 Piece	678	7.07	4,796.46
3	229 9" Deep Pie Plate	1,668	2.58	4,303.44
4	233 Utility Dish 3 qt	672	5.63	3,783.36
5	516 16-oz Measuring Cup	1,339	2.65	3,548.35
6	703 3-qt Dish W Cover	363	9.72	3,528.36
7	463-D 6-oz Custard	1,090	3.05	3,324.50
8	704 Oval Cake Dish 4	328	9.72	3,188.16
9	508 8-oz Measuring Cup	1,260	2.13	2,683.80
10	213 Leaf Dish	905	2.89	2,615.45
Glassware				
1	Drnd 8001356 Diamt Bowl 9	640	2.68	1,715.20
2	N Amrcn Philps RP6 Rplcmnt Bowl 6	96	10.06	965.76
3	Anchor Hocking N1216 Gold Ash Tray	468	1.67	781.56
4	Drnd 8011017 Diamt Bowl 5	804	0.87	699.48
5	Pres 700 807 Cream & Sugar	126	5.22	657.72
6	Anchor Hocking 3281 Rd Cndy Jr Smll	430	1.45	623.50
7	Pres 700 733 Chip & Dip	84	7.18	603.12
8	Anchor Hocking 700 719A Table St	64	9.14	584.96
9	Anchor Hocking 59L Cookie Jar 1 gal	112	4.93	552.16
10	Pres 780 Snack Plate 11 in	311	1.74	541.14

(Continued on page 56)

If you're looking for a fortune, try looking in the obvious place.



Model 1250

All it takes is two different models to put you in the business. We handle back-up inventory and ship within five workdays.

Sentry ValueGuard Safes sell themselves with colorful, informative packaging, hang tags, displays, and literature. Plus, we back you with a 100% paid dealer co-op advertising program.

Sell the right product at the right time. For literature and information, write or call today.
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900 Linden Avenue
Rochester, NY 14625
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sentry valueguard® safes

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PMA® PRODUCT MOVEMENT AUDIT

Buyers Are Pressured to Order Early

By ARNOLD REINHARD
General Sales Manager, Schreiber Company

Since 1984 will be a year in which manufacturers strive to keep inventories lean, there's greater pressure on chain buyers to forecast their needs at least six to eight months in advance.

This supplier strategy, spurred by anticipation of high interest rates, will affect housewares categories across the board—but especially highly promotional products.

Throughout 1983 and so far this year, we see intense pressure to steer prices downward. For instance, cookware and bakeware prices fell 10%-15% during the past 15 months because DuPont lowered its restriction on the minimum gauge metal that must be used with SilverStone. Many manufacturers picked up on that.

Additionally, the success of imports is helping to moderate prices, particularly in cookware.

In glassware, the abundance of suppliers has heightened competitiveness, and has thrown the category into a promotional spiral. Suppliers like Durand, Wheaton, Libbey and Anchor Hocking are experimenting with deep promotions well beyond the seasonal standards. They're deeper than they've ever been.

This is due in large part to prevalent manufacturer overstocks of boxed goods. They're trying to clear inventory and gain market share in a crowded field.

Overall, we achieved greater than 20% sales growth in 1983, and are looking at 10%-15% growth this year. Our recent standout category has been microwave cookware and accessories, which spurted ahead 30% in 1983. Closet and storage also gain strength, as discounters began giving the category better treatment.

Laggards have been dinnerware, bulk plastics and pantryware like breadboxes, which retailers generally perceive as taking up too much space and being too costly.

Our trading area, which includes the Northeast, Southeast, mid-Atlantic and North Central States, has been generally strong for housewares volume—except for some high industrial areas.

Our fastest growing category was due for new product introductions at the Housewares Show, including SilverStone-lined microwave cookware. Frankly, I doubt they'll have

(Continued on page 66)

HOUSEWARES

Gadgets

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Aluminum Hsewrs 1574 4-pack Prng Knf	1,344	1.50	2,016.00
2	Ekco 30401 Pan Turner Nylon	1,284	1.53	1,964.52
3	Ekco 307 61 Small Turner Nylon	1,284	1.53	1,964.52
4	Travco Plastics 464 Steamer Bskt	636	3.00	1,980.00
5	Arrow Plastics 13 Measuring Cut Set	1,199	1.20	1,438.80
6	Imperial Int K158 Super Server	1,044	1.35	1,409.40
7	Aluminum Hswrs 377 Adjstbl Cheese Slicer	1,200	1.13	1,356.00
8	Aluminum Hswrs 1554 Steak Knives	696	1.80	1,252.80
9	M H Rhodes 29006 Marktime Timer	180	6.38	1,148.40
10	Imperial Int K160 Super Slot Server	816	1.35	1,101.60
11	Aluminum Hswrs 197 Gravy Maker/Spout	624	1.73	1,079.52
12	Merchandising Inventory 73 Over Door Valet	768	1.26	967.68
13	Ekco 30481 Basting Spoon Nylon	612	1.53	936.36
14	560 1391 Egg & Vegetable Slicer	876	1.05	919.80
15	Mirro Aluminum S2586-15 Measuring Spoons	1,020	0.90	918.00

Bath Shop

1	Selfix 443 Portable Shower	455	7.98	3,630.90
2	Kellogg Brush 215 Bowl Brush Tamp	2,784	0.98	2,728.32
3	Selfix C-441 Shampoo Spray	1,512	1.69	2,555.28
4	Selfix 2251 Shower Organizer	702	2.45	1,719.90
5	Mayfair Div 66TT Toilet Seat White	208	7.50	1,560.00
6	Mayfair Div 13D Toilet Seat White	122	12.15	1,482.30
7	Ekco 38110 18" Towel Bar	708	2.00	1,416.00
8	Mayfair Div M3000 Brown Scft Seat	120	11.73	1,407.60
9	Ekco 38190 3 Arm Towel Bar	708	1.88	1,331.04
10	Ekco 38090 Tissue Holder	660	1.83	1,207.84
11	Ekco 38310 Towel Holder	588	2.00	1,176.00
12	Arrow Plastics 284 Jumbo Soap Dish	1,332	0.85	1,132.20
13	Ekco 38230 Luc Towel Ring	510	2.11	1,076.10
14	Mayfair Div 13D Toilet Seat Blue	86	12.15	1,044.90
15	Ekco 38120 12" Towel Bar	564	1.83	1,032.12

Closet Shop

1	Lee 3 x 66 Garment Rack Brown	820	14.56	11,939.20
2	Corr W2410 Storage Chest Walnut	2,064	1.62	3,343.68
3	Corr W2806 Underbed Chest Walnut	1,584	1.62	2,566.08
4	1569 1567 Storage Closet Brown	92	24.99	2,299.08
5	Corr F2410 Cntry Stg Chest	648	2.59	1,678.32
6	Corr F 2806 Cntry Underbed Chest	598	2.59	1,548.82
7	Corr W840H 2 Wood Pants Hanger	1,104	1.33	1,468.32
8	EXCL EX288 Moth Balls 1 lb	1,128	1.19	1,342.32
9	Corr M713 W Blouse/Slacks Hanger	648	1.89	1,224.72
10	Corr M730 5 Sw Arm Slacks Rac	504	2.38	1,199.52
11	Corr F301M Jumbo Dress Bag	162	6.47	1,048.14
12	Corr M755 3 Piece Skirt Hanger	574	1.82	1,044.68
13	Mabex 46 Paraffin Crystals 2.5	264	3.92	1,034.88
14	Helmac MST1 Men's Shoe Shape	438	2.31	1,011.78
15	Corr M732 5 Tier Slack Rack	552	1.79	988.08

Microwave

1	Anchor Hocking PM486/TI Divided Plt	3,480	5.13	17,852.40
2	Anchor Hocking PM469/TI Bacon Rack	2,862	5.13	14,682.06
3	Anchor Hocking PM481/T1 Utility Pan	2,795	5.13	14,338.35
4	Anchor Hocking PM444/T1 Bake Sheet	2,100	5.13	10,773.00
5	Anchor Hocking PA600/112 Turntable	380	28.22	10,723.60
6	Anchor Hocking PM459/T1 Bwqking Ring	1,534	5.13	7,869.42
7	Corning MW-11-S Brown Grill	457	16.83	7,691.31
8	Anchor Hocking PM447/T1 Muffin Pan	1,452	5.13	7,448.76
9	Anchor Hocking PM479/T1 Roast Pan	1,380	5.13	7,079.40
10	Corning MW-A-10 Brown Skillet	231	25.77	5,952.87
11	Anchor Hocking PM400/131 Main Dish	1,308	4.40	5,755.20
12	Anchor Hocking PM400/126 Popcorn Popper	556	9.45	5,254.20
13	Pyrex 600 Individual Server	875	5.86	5,127.50
14	Anchor Hocking PM490/T1 Loaf Pan	954	5.14	4,903.56
15	Corning MW-83-W Menuet Browner	360	13.59	4,892.40

Source: Schreiber & Co., Lititz, Pa., for calendar 1983, covering 600 discount stores in 19 mid-Atlantic and East Coast states. Average retail price points reflect typical price points for discount chains.

PMA

PRODUCT MOVEMENT AUDIT

Order Early

(Continued from page 64)

great impact because food sticking to dishes is not a major drawback to microwave use. In our area, Anchor Hocking dominates the category listing and Litton is doing well.

An emerging bright spot for discounters is closet and storage, which is gaining its own identity as a category rather than just a section. Chains are broadening their assortments, including organizers which they buy direct; improving their adjacencies, as they place it near domestics and bath departments, and taking a strong promotional stance, especially with colored plastic hangers.

Up the Ladder

In small plastics and gadgets, we see retailers trading up to better quality and higher price points. Discounters are moving away from imported mustard and ketchup dispensers, for instance, to elevate price points from the 89¢-$1.29 range up to about $2.

Presentation of gadgets is improving thanks to better packaging graphics, color coordination and usage groupings in stores.

Tableware movement has been particularly weak in 20-piece sets because of a glut of imports on the market. Traditional designs with gold-colored edges seem to have the most stable following. Flatware is selling sharply because stainless services for four are well suited for promotion. Oneida 20-piece and Imperial 25-piece are staying within well-defined limits of $14.99 every day and $9.99 on promotion.

More Winners

Sales of Corning teapots strode forward because of the manufacturer's aggressive promotions during 1983's final quarter. Its French White and Visions lines are also benefiting from extensive deals. Corning's little dishes are doing well because they're appropriate for storing and serving leftovers and as a second set of dishes in a home.

Your-choice promotions drove the Pyrex category in 1983, such as measuring cups and 9-in. deep pie plates at price points of $2-$3.

Rubbermaid's merchandiser for its shelf lining products is one of the few accepted by most mass merchants because of the high brand name identity. Also, its designs and price points are suitable for discount store customers. The manufacturer's debut into microwave cookware has been less than sizzling, however, though it should sustain.

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Discount Store News

HOUSEWARES

Consumer Intent-to-Buy Survey

% planning to buy a:		of which ___% are families rather than single-person households	Age of household head: under 40	40-59	60 and over	Type of purchase %: first purchase	replacement purchase	extra purchase	Annual family income: under $20,000	$10,000-$29,999	$30,000-plus
Refrigerator:	11.3	69.5	46.7	30.3	23.0	13.0	77.6	9.4	52.8	20.3	26.9
Freezer:	6.0	73.2	61.4	22.8	15.8	51.9	30.9	17.3	60.6	17.7	21.6
Dishwasher:	6.8	76.7	54.5	31.6	13.9	46.3	46.6	7.1	42.7	20.1	37.2
Trash Compactor:	1.4	72.4	50.0	39.7	10.3	69.1	12.7	18.2	43.1	22.4	34.4
Garbage Disposer:	3.3	73.2	56.5	29.7	13.8	55.6	34.8	9.6	42.0	21.7	36.3
Clothes Washer:	10.4	69.3	51.4	29.0	19.6	25.9	64.3	9.8	60.4	16.8	22.8
Clothes Dryer:	10.1	72.4	56.3	26.2	17.5	35.4	56.1	8.5	58.7	18.7	22.7
Freestanding Range:	3.8	72.8	49.4	29.1	21.6	20.1	69.5	10.4	54.4	22.3	23.5
Countertop Microwave:	9.3	63.4	55.0	30.8	14.3	82.0	11.1	6.9	51.7	26.9	21.4
Vacuum Cleaner:	11.8	65.7	53.4	30.4	16.3	11.5	75.4	13.1	53.6	23.3	23.1
Room Air-Conditioner:	5.4	66.4	54.4	23.5	22.1	37.1	32.1	30.8	59.7	22.2	18.1
Portable Space Heater:	4.4	58.7	58.2	25.0	16.9	47.7	22.7	29.6	54.4	21.7	23.9

Source: Industrial Marketing Research Inc

Vacs Grab Lead In Big-Appliance Intent-to-Buy Poll

HINSDALE, Ill.—Discounters merchandising large appliances in 1984 should anticipate particular sales strength in vacuum cleaners, refrigerators, washers, dryers and countertop microwaves.

That's one conclusion of the quarterly *Continuing Consumer Intent-to-Buy Survey*, conducted in 1983's third quarter by Industrial Marketing Research Inc., headquartered here. A total of 4,225 respondents comprised a high 77% usable response rate. Intent-to-buy is considered a leading indicator of probable market trends, IMR said.

By a slim margin, the major household appliance consumers intended to buy most was a vacuum cleaner. It was cited by 498 persons, or 11.8% of those surveyed, compared with clothes washers' 10.4% level of mention and clothes dryers' 10.1%.

Seasonal comfort items popping up on shopper buying lists were room air-conditioners, cited by 5.4% of those surveyed, and portable space heaters, 4.4%.

Like vacuums, where 75.4% of purchases are meant to replace older units, replacement sales will account for 77.6% of refrigerator volume; 13% will be first purchases and 9.4% extra units, the survey said.

Clearly refrigerators and countertop microwaves set the pace in large scale kitchen appliances, commanding 11.3% and 9.3% levels of mention. The big difference in their showing, however, is the type of purchase: a whopping 82% of countertop microwave sales will be first purchases, 11.1% will be replacement and 6.9% extra units.

A Closer Look

Replacement business is next heaviest in freestanding ranges, 69.5%; clothes washers, 64.3%, and dryers, 56.1%, the survey said.

Suggesting continued sales inroads that trash compactors, garbage disposers and freezers could make, substantially more than half of their planned purchases were by first-timers.

These three items rank among the major kitchen appliances consumers said they intended to buy next most frequently: dishwashers, 6.8%; freezers, 6%; freestanding ranges, 3.8%; garbage disposers, 3.3% and trash compactors, 1.4%.

The survey shows that major appliances will likely be bought by families, rather than one-person households, where the head is 39 or younger and annual income is less than $20,000. Households headed by people older than 60 generally plan to purchase the least, as do those earning $20,000-$29,999, the survey said.

Families represent roughly two-thirds of probable purchasers for most major appliances, with slightly more than half these families headed by someone under 40 years old.

K mart's February Sales Jump 11.2%

TROY, Mich.—K mart's sales in February went up 11.2% to $1,103,322,000 from $991,986,000.

Same-store volume went up 9.2%.

The discounter had 2,158 K marts in operation in February, a gain of 40 units. Also contributing to the month's sales were Designer Depot, Kresge, Jupiter, Furr's Cafeterias and Bishop Buffets units.

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*Offer expires December 31, 1984. Aviation and industrial plugs excepted.

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HOUSEWARES

Discounters Swell Lead Among Housewares Outlets

CHICAGO—Discount stores and catalog showrooms have maintained their status as the powerhouse retailers of housewares, with the former beefing up their No. 1 ranking.

The two discount-priced retailers accounted for 39% of manufacturers' sales to retail and wholesale outlets last year, just under the 40% in 1982, according to the latest study conducted for the National Housewares Manufacturers Association.

Housewares manufacturers' sales last year were $22,401,000,000, up 12% from $20,086,000,000 in 1982, with electric housewares continuing to be the dominant product category in volume, accounting for 35% of sales in both years.

Electrics accounted for $7,840,350,000 of manufacturers' sales in 1983, up 1.4% from $7,730,100,000 in the previous year.

The breakdown of manufacturers' sales to retailers showed that discounters accounted for 30% last year, up two full percentage points from 28% in both 1982 and 1981, to continue as the leading retail outlet.

While catalogers remained No. 2, the showroom industry's share slipped to 9%, down four percentage points from 12% in 1982.

Conventional department stores had a slight decline to 8% from 9% in 1982 (and 10% in 1981), while other retailers also recorded one percentage point shifts up or down.

Key Changes

The small percentage point shifts for the top three retail outlets, however, worked out to big changes in dollars.

Discounters, 1983 share in dollars amounted to $6,720,300,000, up 19.5% from $5,624,080. Catalogers' portion of $2,016,090,000 was down 16.4% from $2,410,320,000. Conventional department stores' share of $1,792,080,000 was off slightly from $1,807,740,000.

The shifts in percentage figures are symptomatic of changes in the three major general merchandise retailing segments: discounters continue to go after housewares and electrics because of their appeal as basic hard lines categories.

While catalogers follow a similar merchandising approach, the showroom industry has undergone a major retraction and slowdown in the rate of growth for a number of companies in the past year which has impacted sales, including housewares volume.

Conventional department stores have maintained their focus on soft goods as that industry's main growth direction, so that housewares and other hard lines are mainly in a status quo, rather than expansion, position.

Retailers, overall, remained the major outlet for housewares manufacturers, accounting for 79% of their sales, although down three percentage points from 82% in 1982.

The share of wholesalers, the other outlet tracked in the study, went up to 21% from 18%.

The report was the 17th annual marketing research study of housewares manufacturers and, as in the past, was conducted for the association by B. Angell & Associates. It was based on responses from 611 manufacturers or 33% of the 1,852 exhibitors in the January and July 1983 NHMA International Housewares Expositions.

While electric housewares clearly was the major category in dollars, the number of manufacturers of that merchandise only accounted for 11% of the producers in the housewares industry.

A similar situation prevailed for the cook and bakeware category. That category produced 12% of manufacturers' sales, up slightly from 11%, but such producers only accounted for 8% of the companies.

The other major product category with 11% of sales, unchanged from the previous year, was serving and buffet products and accessories, which includes dinnerware, cutlery and flatware. Such manufacturers accounted for 10% of the industry.

Manufacturers, Housewares Sales (add 000,000) by Outlets

Outlets	1981		1982		1983	
Discount Stores	$ 5,341	28%	$ 5,624	28%	$ 6,720	30%
Catalog Showrooms	1,907	10	2,410	12	2,016	9
Department Stores	2,098	11	1,807	9	1,792	8
Supermarkets	1,144	6	1,004	5	1,344	6
Drug Stores	1,144	6	1,205	6	1,120	5
Housewares/Hardware Stores	763	4	1,004	5	1,120	5
Variety Stores	953	5	602	3	896	4
Mail Order	381	2	401	2	672	3
Home Centers	381	2	401	2	448	2
Buying Syndicates	190	1	602	3	224	1
All Other Retailers	953	5	1,406	7	1,344	6
All Wholesalers	3,815	20	3,615	18	4,704	21
Total	19,075		20,086		22,401	

Source: 17th Annual National Housewares Manufacturers Association study

Housewares Producers' Dollar Sales By Category (add 000,000)

Product Category	1982		1983	
Electric Housewares	$7,030	35%	$7,840	35%
Cook & Bakeware	2,209	11	2,688	12
Serving, Buffet Products & Accessories	2,209	11	2,464	11
Decorative Accessories	1,606	8	2,016	9
Outdoor Products & Access.	803	4	1,120	5
Plastic Ware	1,004	5	1,120	5
Furniture	1,004	5	896	4
Cleaning Products & Access.	602	3	672	3
Kitchen Tools & Gadgets	803	4	672	3
Bath & Closet Access.	602	3	672	3
All Others	2,209	11	2,016	9

Source: 17th Annual National Housewares Manufacturers Association study

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And that's not all. When you sell Genie, you're selling a nationally-famous brand name your customers have

HOUSEWARES

Cookware Is King

Cookware is often used by discounters as the key item in ***housewares*** *ads in newspapers. The other housewares products vary, to reflect the theme or message each discounter tries to convey in the ad.*

Cookware is the dominant theme in a Target ad with nine product groupings. The discounter makes the cookware theme even stronger by tieing in cutlery, flatware and tools.

Ann & Hope takes an eclectic approach to a promotion that includes four cookware offerings —two electric items and two nonelectric top-of-stove products. The big spread in the prices of the cookware items, $25 to $99, reflects the range of the 10 housewares in the ad, which go from $8 (after a manufacturer rebate) to $188.

Zayre plays up low prices in an ad that uses "your choice" of nonelectric cookware at either $3, $4 or $6. Other cookware items helping to reinforce the low price theme include bakeware at two for $2 and such electric products as "your choice" of a toaster, percolator or slow cooker for $10.

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Sales Keep Rising, But Turnover Slips

	1973	1978	1979	1980	1981	1982	1983	10-year change	5-year change	'83 vs. '82
Sales (billion)	$1.2	$3.1	$3.4	$4.2	$4.8	$5.3	$5.9	+391.7%	+90.3%	+11.3%
Sales per Store	$245,558	$444,975	$467,933	$542,916	$588,000	$639,000	$729,000	+196.9%	+63.8%	+14.1%
Dept. Size (sq. ft.)	4,162	5,100	5,100	5,734	5,734	5,750	5,760	+ 38.4%	+12.9%	+ 0.2%
Volume per Sq. Ft.	$59.00	$87.25	$91.75	$95.00	$102.00	$111.00	$127.00	+115.3%	+45.6%	+14.4%
Annual Turns	3.7	4.2	4.2	4.2	4.1	3.9	3.4	− 8.1%	−19.0%	−12.8%
Initial Markup	36%	38%	37%	38%	36%	36%	40%	+ 11.1%	+ 5.3%	+11.1%
Gross Margin	31.0%	34.0%	33.0%	34.0%	32.0%	31.0%	31.5%	+ 1.6%	− 7.4%	+ 1.6%

Source: DSN research

Despite a near doubling in housewares volume by discount stores during the past five years to $5.9 billion, turns have fallen steadily and gross margins have slipped since 1978.

The drop in turns occurred most drastically in 1983, as the nation's economy was just starting to right itself after the recession. Reflecting last year's higher retail prices, gross margins upturned to 31.5%—after skidding steadily from 1978's 34% level to 31% in 1982.

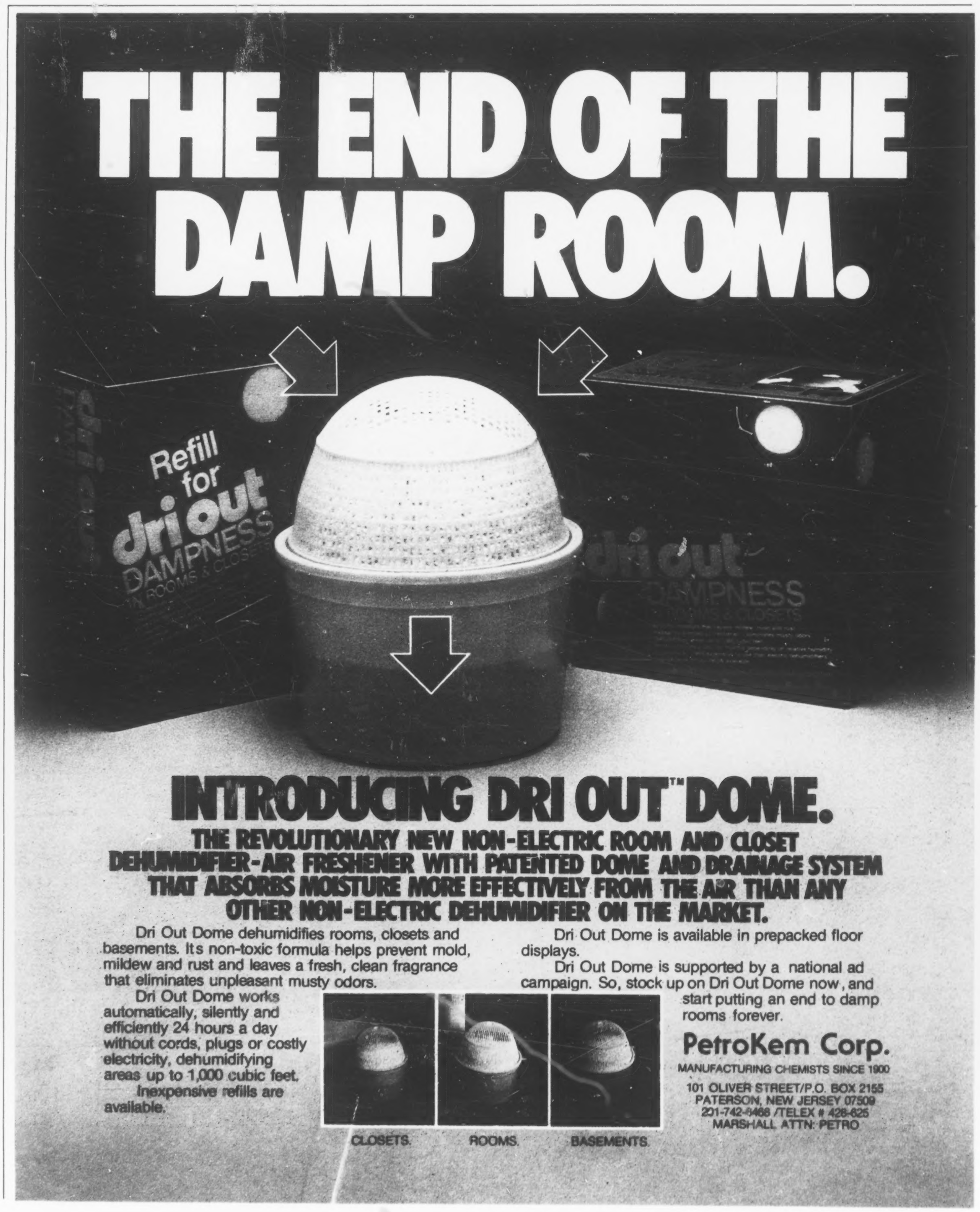
At the same time, initial markups rose to the highest level tracked by *DSN*—40% in 1983 compared with 36% in 1982 and 34% in 1978.

The department's tremendous sales growth has its roots in greater productivity per square foot and enlarged sales areas. Since 1978, when sales per square foot were $87.25, levels increased 45.5% to $127 per square foot in 1983. Increases occurred each year.

Department size rose 12.9% since 1978 to 5,760 sq. ft. in 1983. However, department expansions have been nil since 1980, the last year in which housewares departments showed a significant spurt in size.

Looking back 10 years to 1973, department improvements are even more impressive, except for annual turns which diminished 8.2%.

THE END OF THE DAMP ROOM.



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HEALTH & BEAUTY AIDS

PRODUCT MOVEMENT AUDIT

Mfrs. to Plug Reformulated Cosmetics

By ROSE DWORKIN
Cosmetics, Fragrance Buyer
Boston Distributors

Cosmetics and fragrance trends that picked up along with the economy last year will gain momentum throughout 1984.

Consumer demand for reformulated cosmetics and new mass-market fragrances will be spurred by aggressive advertising by manufacturers. A rise in spendable incomes this year should, as in the past, bolster the sales of designer fragrances priced under $25 and budget cosmetics lines usually bought on impulse.

Last year, cosmetics makers did their part to spark sales growth by appealing to active lifestyles with the introduction of new long-lasting formulas in every segment of the business —lip, face, nail and eye products. It seems manufacturers realized they had exhausted the spectrum of shades and saw reformulation as the best way to get women to buy new makeup.

New Moves

The first "long-wearing" or "active-protection" entries showed up early in 1983 and by the time the '84 planograms were put to bed, almost every single product had been slated for reformulation and/or repackaging. Cover Girl's "long-lasting" waterproof Marathon Mascara made it on the 1983 eye makeup PMA in the No. 6 position.

The list of reformulated makeups on board for this year is lengthy: Quencher lip and nail line has been reformulated and repackaged. Cover Girl is putting the most money, so far, behind its Luminesse face makeup and its Opulent long-wearing nail color. Maybelline's new Expert Eyes shadow trios and pencils also offer that long-lasting feature. Cover Girl's Thick Lash II is another new long-wearing eye product. Cutex lipstick is also being repacked and reformulated to follow the latest cosmetics trend.

Even Max Factor's Whipped waterproof and Classic lines—previously shelf items—are being repackaged on cards this year.

Discounters who stock the repackaged Factor lines can benefit from the company's massive couponing that offers the consumer as much as 75¢ off a Classic pencil which retails at $2.75.

As the conventional mass-market lines go after higher price points in the discount

(Continued on page 106)

It Happened This Month Quiz Answer: Max S. Danner, 3D Discount Stores and Danner's, Inc.

Women's Fragrances

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Halston Spray Cologne 2 oz	9,306	13.59	87,161
2	Halston Spray Cologne 2.5 oz	5,428	13.89	51,980
3	Charlie Spray Cologne 0.4 oz	10,933	5.99	45,158
4	Jontue Spray 0.6 oz	10,462	6.00	43,316
5	Halston Natural Spray 1 oz	4,101	13.76	38,920
6	L'Air Eau De Spray 1 oz	3,794	11.40	29,809
7	Enjoli Natural Spray 0.6 oz	7,670	5.63	29,739
8	Le Jardin EDT Spray 0.55 oz	5,578	7.06	27,134
9	Le Jardin EDT Spray 1 oz	3,328	10.85	24,891
10	Aviance Night Musk 1.3 oz	3,944	9.12	24,806

Women's Gift Sets

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Jean Nate Lingir Pleasures	4,673	7.98	25,711
2	Emerald Set 1.5 Spray/4 oz Dstng Pwdr	2,256	8.99	13,988
3	Enjoli 2 oz Hand & Body/0.6 oz Spray	2,522	7.93	13,790
4	Babe Set 4 piece Travel Kit	3,480	5.20	12,491
5	Tabu Set 2 oz Cologne	2,486	7.15	12,254
6	L'Air Spray Wardrobe Set	965	14.05	9,344
7	Coty Wild Musk Set	1,447	8.96	8,940
8	Babe Set 3 oz Spray/3 oz Talc	2,120	5.03	7,358
9	Jordache Gift Set 2 piece Lady	1,089	9.60	7,216
10	Babe Set 3 oz Spray/3 oz Dstng Pwdr	2,023	5.03	7,012

Face

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Cover Girl Pressed Powder Creamy Natural	7,668	2.57	13,576
2	Cover Girl Makeup Creamy Natural	7,304	2.48	12,531
3	Maybelline Brush on Blush Pink	7,392	2.47	12,416
4	Cover Girl Pressed Powder Brunette	6,748	2.55	11,910
5	Cover Girl Pressed Powder Medium	6,552	2.57	11,582

Women's Promotions Fragrance

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Cachet Noir Display	495	10.87	95,169
2	Aviance Night Musk Display	4,402	11.16	33,915
3	Coty Wild Musk 1 oz	5,886	4.44	18,019
4	Jovan Musk Oil Cologne Spray	3,216	7.70	17,090
5	Enjoli Birthday Salute	2,835	7.51	14,678
6	Enjoli Year End Spray	4,368	4.35	13,125
7	Windsong/Cachet/Chimere	117	5.80	11,728
8	Charlie Cologne Spray 1 oz	4,140	3.99	11,373
9	Jontue Cologne Spray 1 oz	4,140	3.99	11,373
10	Jovan Lady Trial Special	3,636	4.44	11,109

Lip

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Maybelline Lip Potion Cherry Smash	3,687	2.33	5,945
2	Cover Girl Lipstick Pure Gloss	3,904	0.98	5,550
3	Maybelline Kissing Cousin Lip Potion	3,444	2.00	4,759
4	Hazel Bishop Lipstick Warm Toast	7,500	0.86	4,457
5	Maybelline Whip Stick Lipstick Plum Ice	2,937	2.13	4,322
6	Maybelline Kissing Slick Strawberry	2,625	2.36	4,282
7	Maybelline Whip Stick Lipstick Mocha Ice	2,871	2.13	4,235
8	Maybelline Kissing Slick Cherry	2,568	2.36	4,204
9	Hazel Bishop Lipstick Naturally Clear	8,154	0.74	4,136
10	Cover Girl Lipblush Shiny	2,532	2.28	3,974

Nail

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Hard as Nails Clear	19,944	1.13	15,592
2	Cover Girl Nailslicks Clear Ice	3,480	1.35	6,060
3	Cutex Creamy Polish Colorless	6,740	1.16	5,403
4	Hard as Nails Tint	6,492	1.13	5,078
5	Cover Girl Nailslick Snoflack Frost	5,076	1.35	4,736

(Continued on page 106)

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Retail sales show people keep coming in for Deci-Mate ultrasonic pest repellers. Because Deci-Mate makes pests go away. Research—and satisfied customers—prove it.

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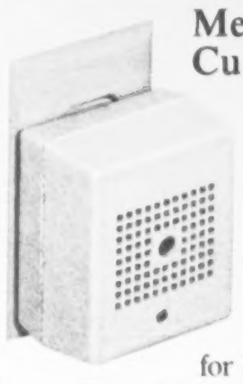

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HEALTH & BEAUTY AIDS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	Eye			
1	Cover Girl Mauve Shadow Collection	8,308	2.89	16,573
2	Maybelline Eyebrow Pencil Twin Black	22,566	1.03	16,021
3	Maybelline Great Lash Mascara Black	10,212	2.16	15,208
4	Maybelline Automatic Pencil Velvet Black	11,094	1.86	14,129
5	Maybelline Shadow 10 Eye Kit	4,443	4.54	13,928
6	Cover Girl Marathon Mascara Black	8,072	2.32	12,932
7	Maybelline Ultra Big Ultra Lash Black	9,282	1.96	12,541
8	Cover Girl Professional Mascara Black	6,972	2.31	11,086
9	Cover Girl Pencil Black	7,852	2.05	11,050
10	Maybelline Dial-a-Lash Mascara Black	5,448	2.87	10,793
	Men's Fragrances			
1	Old Spice After Shave Lotions 4.25 oz	24,972	3.63	62,338
2	Mennen Skin Bracer 8 oz	17,754	3.47	42,165
3	Mennen Skin Bracer 4 oz	28,782	2.06	40,962
4	Old Spice Cologne 4.25 oz	10,332	5.49	39,177
5	Jovan Musk After Shave Lotion	6,223	8.98	38,545
6	Brut 33 Splash on Lotion 7 oz	16,894	3.03	35,343
7	Lectric Shave Regular 7 oz	13,797	3.15	30,023
8	Halston Cologne 2 oz	3,523	10.73	26,066
9	Mennen Afta Shave Lotion 3.75 oz	16,638	2.16	24,722
10	English Leather After Shve Ltn 4 oz	7,153	4.93	24,333
	Men's Gift Sets			
1	Brut 33 Travel Pak	10,924	3.04	22,975
2	Old Spice Set Cp/Afterm Shv Ltn/Shv Crm	3,340	8.41	19,972
3	Old Spice Set 2.5 oz After Shv/Clgn/Deod	3,591	7.66	18,969
4	Brut 33 Set 3.5 oz Splsh/3.5 oz Deod Spr	6,567	3.38	15,307
5	British Sterling Travel Set	3,599	5.58	13,857

Source: Boston Distributors for calendar 1983. Boston, based in Maple Heights, Ohio, supplies over 600 stores, including about 350 discount stores in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

PMA® PRODUCT MOVEMENT AUDIT

Cosmetics

(Continued from page 105)

stores, low-end lines such as Hazel Bishop and Wet 'n Wild will gain appeal as impulse items. Both those low-end lines grew at an astounding rate in 1983.

This year Wet 'n Wild will be available on cards for the first time. We suggest our retail clients put budget lines on an end-cap in a heavy traffic aisle away from the conventional cosmetics section. That way shoppers will pick up one or two of the items priced at less than $1 without thinking twice.

This year will see the seasoning of some new products that last year sprang out of the long-lasting makeup trend. Lip renewal creams, for example, should experience a shakeout this year as entries from Factor, Revlon and Coty compete for the business. Aziza is launching another protection item—an eye makeup base called Colorfix that keeps shadows from rubbing off or fading.

Nail accessories—tips and complete nails—are expected to gain in unit sales this year. We think discounters need only two lines to do a good job in that category.

Promising Area

In the fragrance category, designer names and new names in mass-market lines promise to pump up sales in 1984. The strongest trend seems to be in designer lines that are well-known and priced under $25.

For Christmas 1983, our retail customers had terrific results on Halston and l'Air du Temps on promotions. We believe that if buyers (who placed Christmas orders in May when the economy was still sluggish) had been confident enough to order more designer lines, most could have realized 10% to 15% higher sales.

Both Halston and l'Air du Temps will continue strong in '84 because consumers recognize the value in pricing on those items. Chains should, however, avoid spreading their prestige selection too thin with higher-priced items like Oscar or Opium. Consumers seem less aware of the value of discounts on those lines.

Consumers' willingness to spend more on well-advertised mass-market lines was illustrated by the success of Factor's Le Jardin which placed at Nos. 8 and 9 on the '83 PMA. At about $11 for a 1-oz. spray, Le Jardin represents the higher-end of mass-market products.

This year we are expecting continued strength from Le Jardin, Cachet Noir, Aviance Night Musk (No. 10 in '83) and Vanderbilt. (Boston Distributors did not have Vanderbilt in 1983.) We expect Vanderbilt to climb onto the top 10 chart in the first six months of 1984, out performing mass-market lines that have not gained during the past year. Jordache is also positioned to gain in 1984, if the manufacturer bolsters the name through ads and holds the pricing stable.

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Discount Store News®

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APRIL 30, 1984

Wilson Will Try Out Apparel Mix

BATON ROUGE, La.—H. J. Wilson, the nation's third largest cataloger, is going into the off-price apparel business this fall.

The company's plan to incorporate clothing for men, women and children into its conventional showrooms could result in all Wilson showrooms resembling a discount or mass merchandise store in three years.

The first four "test" showrooms will be outfitted with carpeting, a race track aisle, circular and waterfall racks, fitting rooms and "moderate to better" name brands in apparel by the end of September, Raymond Mufson, executive vp of merchandising at the 79-unit operations, reported.

An additional four showrooms are slated to take on apparel departments in the spring of 1985.

Mufson wouldn't reveal the actual locations of those showrooms targeted for the initial apparel launch. He did say the test showrooms would meet two criteria:

- The test showrooms will be isolated, rather than part of a cluster of Wilson showrooms. That way the chain can advertise apparel as a feature of the chain by market, instead of as a department carried in only one or two stores.
- All test showrooms will share a common climate to simplify the apparel buying effort.

The chain currently operates

(Continued on page 21)

Buyers who jammed McCormick Place for the NHMA housewares show found new fashion colors and packaging to be driving forces. Attending were K mart's Reginald Mears (top) and Gaylords' Joseph Nusim. Other photos, p. 4.

Fashion Is Main Dish At Housewares Show

By AL HELLER

CHICAGO—Fashion made news at the housewares show.

New tones in gray and beige, along with red and black as key coordinated colors; glass covers for cookware, and a surge in the use of four-color litho packaging were some of the fashion trends evident at the National Housewares Manufacturers Association's Show held here this month.

Chain buyers focusing on fashion in their stores felt the improved looks of products and packages would enhance their store-level merchandising efforts.

A number of new products like a talking ice cream maker, a cordless iron and more accurate scales also attracted attention among buyers.

Discounter and cataloger buyers surveyed by *DSN* felt strong housewares performance in 1984 would hinge on their own in-store fashion efforts, and the continued popularity of microwave cookware and wall-mounted and under-the-counter kitchen electrics.

They anticipated that the strong growth of electronic irons, sports motif youth lamps, storage racks, health care products and home office furniture would help generate department sales gains of 20%-25% by year's end.

Buyers added the current stable price environment would further help chains bolster housewares department profitability this year.

Chains like K mart, Fishers Big Wheel, T.G. & Y. and Kingsway are among those playing up fashion in their new and existing stores, merchandising spokesmen said.

(Continued on page 5)

Consumers Splurging On Fads, Fashions, Ego-Building Items

Nationwide DSN Report

Michael Jackson. Parachute pants. Almost anything Cabbage Patch-stamped. Trivial Pursuits. Telephones. Home fitness centers.

Consumers, this election year, are continuing to spend their money on nonessential purchases, voting, with equal enthusiasm, for current fad and fashion favorites and ego-building hard line items large and small.

Thus, even though weeks and weeks of rotten weather and a late-falling Easter wounded March sales, discounters are looking forward to a strong second quarter, and beyond that to a favorable second half.

Michael Jackson Boutiques Sprout

In soft lines, the late Easter is proving a boon to discounters who say they would have lost the spring apparel season completely to the weather if the holiday had fallen as early as it did in 1983.

Further soft line support is coming from fashion-conscious, young discount store shoppers who are seemingly prepared to spend whatever it takes to be in style—and who more than ever before are taking that business to discount stores.

Discounters are responding. With:

- Sunglasses, silver gloves, T-shirts and flashy red and black, deco zippered jackets—Michael Jackson boutiques carved into men's wear departments (and drawing young male and female shoppers);

(Continued on page 21)

Sporting Goods, Toy Sales Gain

Toy and sporting goods sales are running hot as consumers continue to pursue the high-priced, high-profile favorites that made headlines—and empty shelves—last Christmas.

In consumer electronics they want personal portable stereos and telephones. While price continues to be important, consumers are showing little resistance to items—in both categories—that edge up to the $100 price mark.

In telephones, for example, discounters say droves of shoppers are passing up disposable units for higher-priced models that carry some fashion cachet or technological fillip like combo phone clock radio units or programmable console phones.

But for pure speed, the category to watch is toys.

(Continued on page 21)

Peter Hollis

Robert Glass

IN BRIEF

- **PETER HOLLIS HAS BEEN NAMED PRESIDENT AND** chief operating officer at Fishers Big Wheel. Hollis, who joined the chain as executive vp and coo in 1982 from Zayre where he had been senior vp, gmm, will report to Marshall Hess, now chairman and ceo.
- **ROBERT GLASS, SENIOR VP, FINANCE, IS THE NEW** president of Gold Circle. He replaced Leonard Williams who was promoted to chairman following the departure of chairman James Guinan for the president's post at Bloomingdale's, also a division of Federated Department Stores.
- **MOODY'S INVESTORS SERVICE RAISED ITS SENIOR** rating of Zayre Corp. from Baa3 to Baa1, and the subordinated rating from Ba2 to Baa2. Approximately $70 million in debt is affected by those upgrades.

Digest

April 30, 1984

HARDWARE

- **Some discounters are re-**working their paint mix; in some of those cases the change in ownership of Lucite is a factor. (p. 11)

DOMESTICS

- **Gemco has introduced a** controlled-label line of coordinates called Color Concepts. (p. 14)

H&BA

- **The discounter-and-variety** store group is the fastest-growing segment of the retail H&BA market, according to a study. (p. 16)

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Use Printed Ballot For DOY

Attention Discounter-of-the-Year voters:

To clarify any confusion about the balloting for the 1984 Discounter of the Year election: Only ballots actually printed in *Discount Store News* will be accepted.

However, because of the tremendous reader interest in the election, we are printing another copy of the ballot in this issue. (The original one appeared on page 4 of our April 1 issue.) To cast your vote, please turn to page 25. The voting period has been extended to May 7.—Editor

HEALTH & BEAUTY AIDS

Discounters Among Fastest-Growing H&BA Outlets: Poll

CLEVELAND—Discount chains are among the fastest-growing outlets for toiletries and peg-displayed cosmetics, according to Predicasts, the information and market research firm.

Its just-released study, "U.S. Markets for Cosmetics and Toiletries," revealed that discount and variety stores combined for a 17% share of the category's retail sales in 1982. That's up from 15% since 1972, a 10-year period in which department stores were the biggest losers, down to 8%, and drug, supermarket and direct sales channels were relatively stagnant, the survey showed.

Long-term prospects are bright for discounters too, since consumers trade down to popular-priced products during recessionary times and look for lower price tags, the survey said.

For the next four years, however, Predicasts foresees fashion leading the cosmetics and toiletries category because economic recovery will free consumer spending.

Still, the cosmetics and toiletries market, which had been considered by many trade experts to be recession-proof, revealed itself to be two-pronged when the early 1980's recession hit, the survey said.

Cosmetics, which are largely discretionary purchases, are quite vulnerable in tight economic times; toiletries perform more steadily because they serve basic personal hygiene needs, the survey concluded.

Consumers' perceived differences between the two continue to narrow, Predicasts added, because lower-priced makeup and fragrances "are approaching the status of toiletries for some women, particularly those in the labor force. Similarly shampoos, conditioners and shave creams have become more fashion-oriented."

These trends aside, the market is "approaching the most advanced stages of maturity," Predicasts stressed. Real growth in shipments will slow to 1.8% annually through 1995 from 2.9% historically, it said, because of slower population growth and market saturation.

That will result in shipments valued at $24.7 billion in 1995, up from $10.5 billion in 1982, it added. Category sales, said Predicasts, depend on increasing affluence and attraction of new consumers.

Many of those consumers will be men. By a wide margin, basic male shaving, hair care and skin products will set the category growth pace for the next 11 years, the survey noted, wresting much attention from high-fashion image items for women.

As females age, the survey added, they'll opt more for hair conditioners and colorings, moisturizers, therapeutic products and other expensive franchise products. These "will experience the most rapid growth," Predicasts said.

Overall consumer spending on skin treatment products, hair dressings and colorings through 1995 will be uplifted significantly by the nation's swelling of 35- to 44-year-olds, Predicasts noted.

Problems Seen

At the same time, products which typically cater to 15- to 24-year-olds, such as acne treatment preparations, will be affected adversely by diminishing numbers of people in this age group, the survey noted.

Catering to ethnic consumers, particularly blacks, should pay off, noted Predicasts, because "blacks spend proportionately more of their total income on personal care items than whites . . . largely because their self-image stresses fashion and a fresh appearance."

The ethnic market is attracting more attention, said Predicasts, with disposable incomes of blacks increasing more rapidly.

The survey cited relatively heavier use among blacks of hair conditionings and dressings, mouthwashes and gargles, deodorants, skin lotions and bath oils, moisturizers, depilatories and emollients.

Large-scale opportunities also exist in infant care products like baby oils, powders, shampoos and lotions, it said, because the baby boom genera-

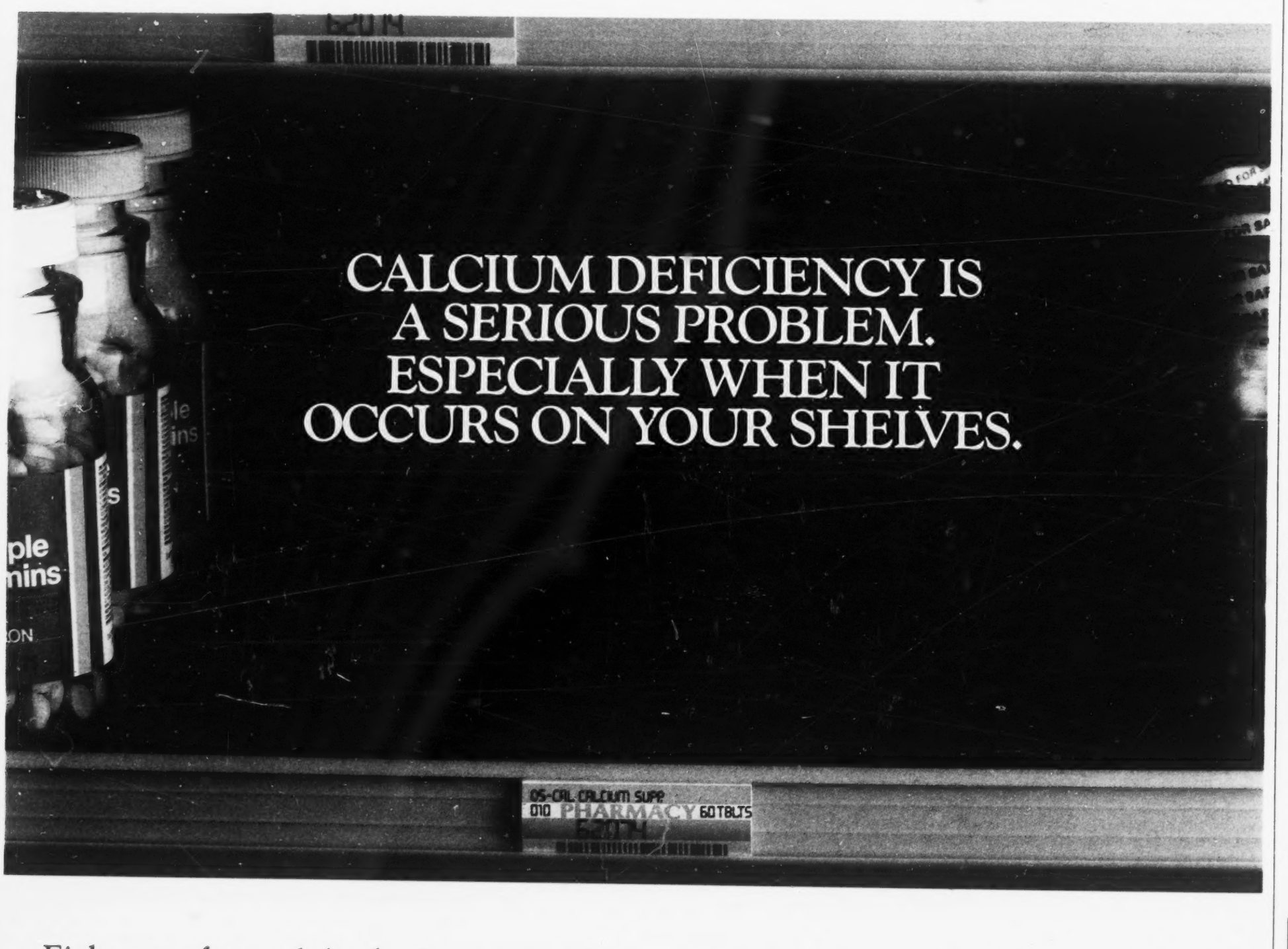
(Continued on page 23)

Retail Distribution of Cosmetics and Toiletries

Outlet	Sales (mil $) 1967	1972	1977	1982	% of Market 1967	1972	1977	1982
Total	3,800	5,500	7,800	13,500	100.0	100.0	100.0	100.0
Drug Stores	1,022	1,529	2,231	3,888	26.9	27.8	28.6	28.8
Supermkt & Grocery	912	1,276	1,903	3,375	24.0	23.2	24.4	25.0
Direct Sales	779	1,182	1,560	2,862	20.5	21.5	20.0	21.2
Discount & Variety	555	825	1,326	2,295	14.6	15.0	17.0	17.0
Department Stores	532	688	780	1,080	14.0	12.5	10.0	8.0

Note: Includes all cosmetics and toiletries except bath soaps. Food stores sell approximately 80% of bath soaps, drug stores about 11%, other outlets the remainder.

Source: Predicasts



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Selected Producer Price Indexes (1982 = 100)

Item	1967	1972	1977	1982	1987	1995
Cosmetics & Toiletries	43.9	50.5	67.6	100.0	123.7	186.6
Shaving Soap & Cream	38.4	41.6	58.2	100.0	124.0	182.0
Soap Shampoo	68.5	67.9	74.9	100.0	115.9	152.7
Hair Tonic	42.1	47.8	69.0	100.0	21.0	180.3
Toilet Soap	36.2	42.5	65.4	100.0	124.4	192.0
Deodorant, Aerosol	46.1	48.5	61.6	100.0	126.7	196.9
Perfume	33.3	34.2	51.6	100.0	128.5	205.0
Cologne & Toilet Water	44.3	50.1	65.1	100.0	127.6	203.5
Lipstick	48.6	47.5	60.3	100.0	121.0	180.0
Cleansing Cream	29.3	35.7	53.6	100.0	126.0	197.0
Face Powder	43.4	53.5	70.3	100.0	124.0	195.0
Hand Lotion	59.4	57.1	61.0	100.0	119.0	170.0
Nail Lacquer & Enamel	64.2	71.4	90.2	100.0	117.0	167.5
Producer Price Index	33.4	39.8	64.9	100.0	126.1	196.8
Consumer Price index	34.6	43.3	62.8	100.0	128.3	198.2

Source: Predicasts

H&BA Outlets Compared

(Continued from page 16)

tion is reaching childbearing age. "Delayed childbearing of the 1970's and early 1980's will insure continuous expansion of annual births through the late 1980's, when annual births will peak at 3.9 million per year," the survey said.

Cosmetics and toiletries pricing should closely parallel the Consumer Price Index through 1995, Predicasts projected. Overall category prices should advance 4.9% annually compared with 5.4% CPI increases, the survey projected.

The category price hikes projected are lower than the historic 5.6% level because of intense competition among manufacturers, productivity gains, technological advances and greater use of less-costly synthetic substances, Predicasts noted.

Medium-priced lines get squeezed in a recession, said Predicasts, because prestige-priced products attract high-income consumers "who can afford them and continue to buy them," and many consumers perceive "little difference in quality between medium- and popular-priced lines," so they trade down.

Success of specific cosmetics and toiletries brands is tied strongly to advertising and promotional efforts, said Predicasts.

The industry spent more than $1 billion in 1982 on this, with 18 of its leading manufacturers placing among the nation's 100 leading advertisers, it said.

Segall Will Crash Atlanta

(Continued from page 8)

Housewares is behind jewelry extending to the back center of the showroom.

On the left side, the checkouts are at the front, with consumer electronics as the first merchandise area. It is followed by sporting goods and then toys and juvenile in the left rear.

The showroom's location across from Ellman's and the Gwinnett Place Mall means that Segall will broaden its mix of higher-priced merchandise, particularly in the jewelry, china, crystal and silver areas.

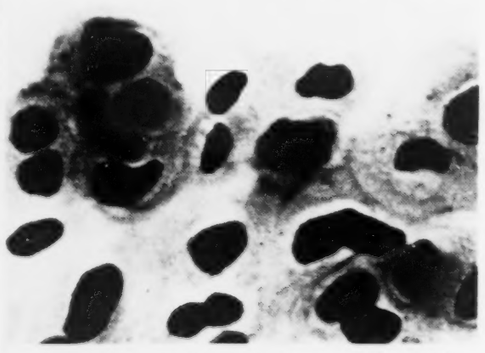
The nature of the competition and market demographics indicate the potential demand for traded-up merchandise.

Both Segall and Ellman's knew each planned to open a showroom in the strips centers across from the enclosed shopping center. Each decided to go ahead with its showroom because of the market's drawing power and future growth.

The new Ellman's will be that cataloger's third in the northeast corridor of the Greater Atlanta market.

Service Merchandise has one showroom in that area in Dorville. The cataloger has maintained its four-store count in the Greater Atlanta Area for the past half dozen years.

SOME PEOPLE RETIRE WITH MORE THAN JUST A GOLD WATCH.



You work hard all your life and what do you get?

Well, depending on where you work, you could get cancer. Asbestos has been proven to cause cancer. Certain toxic chemicals like formaldehyde and freon are being investigated. If you've worked with radioactive particles or even worked near them, your risk is greater.

And even if you've worked nowhere hazardous, it wouldn't hurt to get a checkup. Because the incidence of cancer after the age of 45 to 50 increases rapidly.

Over the next several years the American Cancer Society will be conducting more research into certain lifestyles and exposures which could increase cancer mortality.

So know the risks.

Don't smoke.

Watch what you eat and drink.

Look for the warning signs of cancer.

And retire not only with a gold ticker.

But a healthy one, also.

AMERICAN CANCER SOCIETY
How you live may save your life.

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C5150-3

NMRI CONVENTION
See Special Section, Pp. 17

0007122 DEC84DS
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BETHESDA MD 20814

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

VOL. 23, NO. 10 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | $2 per copy | MAY 14, 1984

Chains Cautiously Bullish Over 2nd Half

Nationwide DSN Report

The latest economic forecasts haven't markedly dimmed discounter optimism for the second half.

But, chains' second-half projections are growing more conservative in response to higher interest rates, rising prices and slowing consumer spending.

Discounters polled by *DSN* agreed there were few surprises in this election year so far. They see their growth being spearheaded by improved store productivity, unit expansion, remodeling efforts and strengthened promotional stances—rather than, for example, surges in one or two key merchandise categories.

Ames president Gerald Kanter said, "If consumer spending slows, that would probably put a cap on the interest rate rise." He conceded that the second half could be tougher, however, and he speculated that discounters overall "will lose one or two points off comparable-store growth patterns."

His 170-store chain, which has by now fully digested its acquisition and total remodeling of 42 King's stores, is coming off a March sales period up 11% over 1983, with February up 24%. He anticipates similarly consistent gains through the rest of 1984.

Some of that growth will reflect 12 new stores and 24 remodels by year's end.

Wal-Mart will increase its coverage in its existing markets by opening 105 new units this year—including 60 in the second half. That represents an estimated 15% increase in stores, which will contribute significantly to the chain's targeted 28.6% volume growth to $6 billion this year, said David Glass, vice chairman-finance. Sales grew 38.2% last year.

Wal-Mart is sticking to its start-of-year projection of 10% comparable-store sales gains in 1984—at the high end of discounter projections which range downward to 6%.

Richway president Jack Smailes conceded the tightening economy has him a bit nervous about full-year prospects, though he's still optimistic. Coming off a rain-dampened first half, Richway still plans to keep its inventory levels higher than in 1983, he said.

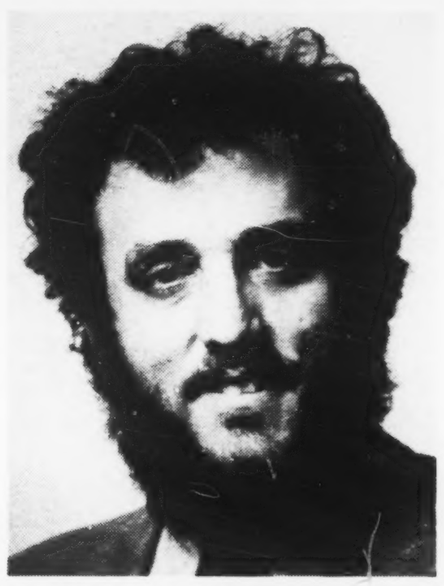
Others like Best Products are paring inventories or keeping them stable in anticipation of high interest rates.

At the nation's largest cataloger inventory levels rose 11.1% in the fiscal year ended this past January. This year, we "will stabilize it with better internal controls," said president Andrew Lewis.

Ames' Kanter said: "We were more liberal than we had to be last year because of King's. We're bringing inventories

(Continued on page 141)

Discounters "will lose one or two points off comparable-store growth patterns" in 1984—Gerald Kanter, president, Ames



Best is expanding "its younger Ashby's and jewelry store divisions faster than its conventional showrooms."—Andrew Lewis, president, Best Products

"Sixty new stores in the second half will help aim the chain toward the $6 billion mark."—David Glass, vice chmn., chief financial officer, Wal-Mart

K mart Plans Warehouse Home Centers On Its Own; Hechinger Joint Venture Off

TROY, Mich.—K mart will launch its own chain of warehouse home centers now that its plan to operate such stores in a joint venture with Hechinger fell through late last month.

The discounter will open three warehouse home centers in Chicago in the three locations that were to be the home for the first The Home Team stores. The three units are two former K marts and an ex-Woolco. Name of the warehouse operation and its management haven't been firmed up as the decision to call off the joint venture was so sudden, a K mart spokesman said.

Failure of the planned joint venture won't stop K mart's effort to diversify into other retailing and nonretailing areas as the key to its growth, with the payoff starting 3-5 years down the road, a source said.

One security analyst who closely follows the discounter explained that K mart has a team studying various types of business as part of this diversification effort.

"They are committed to this effort for their long-term growth and they are going to continue to announce lots of deals that don't pan out—but they will have some successes and that's what really counts," he said.

Besides the proposed joint venture with Hechinger, K mart last month said negotiations to acquire Associated Hosts, a restaurant chain, came apart two weeks after the deal was announced, while a plan to

(Continued on page 142)

IN BRIEF

- **AT PRESSTIME, THE HRT INDUSTRIES BOARD WAS** considering moving consultant Harold Smith into the president's office at subsidiary Zodys—but only temporarily. Most recently, Smith was a consultant for the HRT creditors committee, during the just-ended Chapter 11 period, and for McCrory, which now holds a controlling interest in HRT. Meanwhile, Leonard Baruchin, vp/gmm soft lines at Zodys' New York buying office, has resigned.
- **IN A SURPRISE MOVE, JAMES E. POOLE HAS RE**signed as president and chief operating officer of Service Merchandise after serving in that post for less than a year. Chairman and chief executive officer Raymond Zimmerman, who gave up the two positions to Poole, said he would "probably" reassume Poole's titles.
- **K MART DENIED REPORTS IT OFFERED TO BUY** Waldenbooks from Carter Hawley Hale. The discounter, as a possible diversification move, had discussed such a step with Morgan Stanley & Co., a brokerage house representing Carter Hawley Hale.

Digest

May 14, 1984

NMRI'S ANNUAL CONVENTION

- ***DSN*'s special section on the NMRI convention includes** stories on: the changing Greater Miami retail population (pp. 53-57); seminar previews (pp. 28-50); K mart's new ad program (p. 61); Ames' use of shoppers' zip codes to analyze sales (p. 84), and the private label growth in apparel (p. 92).

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Tests Hilliary James Stores

U.S. Shoe Reorients Off-price Approach

CINCINNATI—Executives at U.S. Shoe are taking steps to protect the potential Achilles' heel of its retailing empire—off-price ladies' apparel—by reorienting its approach to the market.

- Last month, Hilliary Jaymes, a new women's clothing store, was unveiled in Atlanta and Minneapolis. Recognizable value, rather than identifiable labels will dictate assortments in the new chain.
- A new management team at T. H. Mandy, its established women's wear off-pricer, has been charged with expanding that store's mix to include dresses, suits and coats.
- Store expansion at T. H. Mandy and Front Row has been curbed to two T. H. Mandy and two Front Row stores this year. That was done to give the parent time to "regroup" after initial expansions during the past two years.
- The company's men's wear off-price chain, Greystone LTD, was renamed from Outletters, in preparation for this year's stepped-up expansion of five new stores—which will double the current unit count to 10.
- Similarly, corporate executives are considering a new name for its Young Folks children's wear division, whose expansion was this year slowed to four from 13 in '83. Armed with a yet undisclosed new name, the company can step-up the roll-out without copyright infringement on the Young Folks name.

(Continued on page 4)

DSN's Biggest NMRI Convention Issue!

BEST COPY AVAILABLE

U.S. Shoe Wields Five Off-price Apparel Arms

CINCINNATI—U.S. Shoe is now operating a total of six off-price retail divisions, five of which sell apparel.

T. H. Mandy is a women's wear off-pricer with 16 units located in Washington, D.C., Chicago, Philadelphia and Texas. By year's end there will be a total of 18 Mandy units in operations.

Hilliary Jaymes is a test run of two ladies' wear strong-value stores in Atlanta and Minneapolis.

Young Folks children's wear stores will include a total of 23 units by the close of this year.

Home Front discounts textiles for the kitchen, bed and bath plus housewares. Some 44 units are slated to be up and running by year's end.

Greystone LTD, is the off-price men's wear chain, previously called Outletters. Five new openings planned for '84 will bring the chain total up to 10.

Front Row, launched in 1982, is the concept that includes men's wear, ladies' wear and children's wear sections plus shoes and domestics/housewares departments. By the end of this year, a total of 10 Front Row stores will be operating.

During 1983 the company sank $5 million into launching Home Front and expanding its other off-price chains. In total, the company's off-price concerns reported a $6 million operating loss.

Mars Opens 1st In Rhode Island

NEW BEDFORD, Mass.—Mars has opened a new store of approximately 56,000 sq. ft., in North Smithfield, R.I., its first in that state.

President Paul Kwasnick commented: "With the opening of this, our 14th unit, Mars has doubled the number of stores operated since the start of our current expansion program in March 1983."

Off-price ladies' apparel sales lagged in '83 at Front Row (above) where labels are stressed, and at T. H. Mandy. Parent U.S. Shoe is refining its approach to the business and testing a new kind of store.

U.S. Shoe

(Continued from page 1)

At the same time, buying responsibilities among the off-price ladies' wear chains have been reorganized in an effort to sharpen the focus of each. Last September the buying staff for the 16 T. H. Mandy stores were relieved of the eight women's departments in Front Row multiclassification stores.

Setup Is Refined

Buyers brought in last fall to handle Front Row ladies' departments now serve a dual role: buying for the two Hilliary Jaymes stores plus the Front Row outlets. That piggyback relationship previously in place for T. H. Mandy and Front Row was more successful in other areas. In men's wear the buyers for the five Greystone LTD stores continue to provide goods for the men's wear departments in Front Row. Young Folks buyers provide the children's wear items, and Home Front buyers supply the domestics/housewares departments of Front Row.

U.S. Shoe, a $1.5 billion shoe manufacturer and retailing conglomerate, owed some 49% of its '83 volume to the shoe business and about 42% to full-markup apparel retailing.

Some 7% or $131 million of U.S. Shoe's volume last year came out of its six off-price operations, which include Home Front domestics and housewares stores, Mandy, Greystone, Front Row and Young Folks.

Company officials attributed losses within its "freestanding strong-value" divisions during '83 to lower than expected margins in both T. H. Mandy and Young Folks children's wear stores. But, "it's primarily in the women's areas in T. H. Mandy and in Front Row where we aren't getting enough margins," a company spokesman explained.

The appearance of more off-pricers and more aggressive promotions from department stores were the main factors that hurt margins, according to Melvin Schneck, vp, specialty retailing.

New Approach

The new value-oriented Hilliary Jaymes is a test run of one route to higher margins—less emphasis on labels. At press-time company officials were uncertain of the role branded goods will play in the new concept, which company insiders said is based on the premise "value is in the eye of the consumers—rather than on the label."

Results from the 8,000-sq.-ft. Hilliary Jaymes in Atlanta and the 5,000-sq.-ft. unit in Minneapolis will be analyzed after the first six months. "At this stage we can still take the concept in any of several different directions," said a company spokesman. Meanwhile, at T. H. Mandy a new direction is being given by six-month ceo Neil Tyler, who had been part of the corporate marketing team in Cincinnati, and one month vp, gmm Joseph Orenstein, whose merchandising background includes posts at Lord & Taylor, Bullock's, Alexander's and Ohrbach's. Together the two will broaden the mix and hopefully increase returns of the T. H. Mandy chain.

Correction

The Housewares Product Movement Audits of Schreiber & Co., Lititz, Pa., appearing in the April 16 issue, represented the Jan. 1-31, 1984, period.

Havoline's formulated to move fast.

Highlights of Havoline's 1984 Marketing Program.

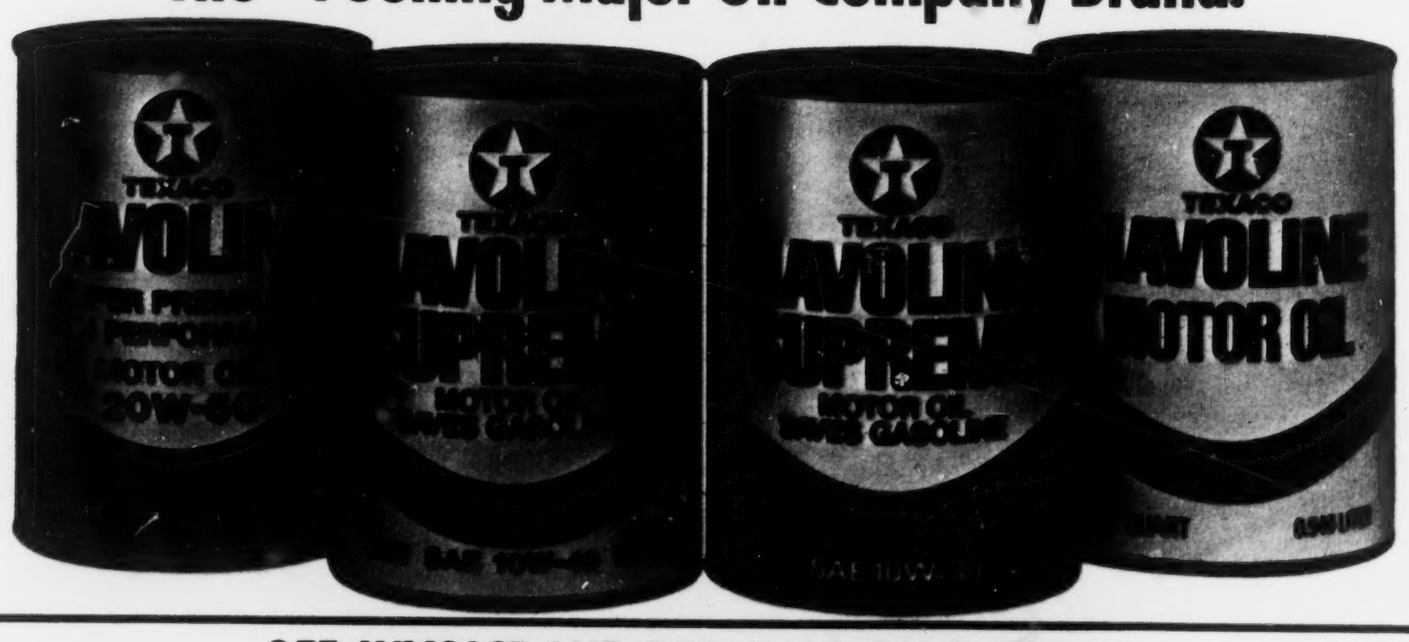
- **Hav-A-Bonus Allowance—** up to $2.40 per 24/1-qt. case for featuring Havoline.
- **Dynamic Consumer Rebate Offers.**
- **Off-Invoice Allowances.**
- **Grand Opening Cash Bonus for new stores—** up to $800.00 per store.
- **Generous Retail Advertising Allowances—** up to $1.00 per 24/1-qt. case.
- **Choice of new, convenient 1-qt. plastic bottles or regular 1-qt. cans—** Havoline Supreme funnel-top bottles now available in most areas.
- **Store Display Allowances—** $50.00 per store per quarter.
- **A Multi-million Dollar Advertising Program, featuring Bob Hope.**

We put these essential ingredients into our marketing program to keep Havoline moving off the shelf year-round. Havoline proves itself on the road too. The same wear protection additive and friction fighter used to lubricate the 1983 winning Indy 500 *Texaco Star* race car are in every can of Havoline Supreme you sell. All of which has made Havoline the largest-selling motor oil manufactured by any major oil company in America today.

For details, contact your Havoline representative, supplier, or Don Poindexter, Assistant Manager/Lubricants—Automotive Aftermarket, Texaco U.S.A., 1111 Rusk Ave., Houston, TX 77002. Or telephone (713) 650-5235.

TEXACO

The #1 Selling Major Oil Company Brand.



OFF-INVOICE AND RETAIL AD ALLOWANCES:
Ask for details on profitable off-invoice allowances and increased ad allowances on all grades of Havoline, thru June 30th. It's a great way to stock up on those grades that move off the shelf at high speeds.

ADVERTISING

NMRI

Zapping (Switching Off) Commercials Seems on Rise

NEW YORK—While commercial "zapping" hasn't reached epidemic proportions, retailers and consumer product manufacturers are worried about some of the TV games consumers are playing.

("Zapping" is what a TV viewer with a remote control device does when a commercial comes on the air: changes channels.)

Although only 5% to 7% of the average prime time audience switch channels during commercial minutes, according to a recent survey conducted by A. C. Nielsen, the two most prevalent "zapping" audiences, homes with pay cable and those using remote control devices, appear to be on the rise.

Homes with pay cable tend to "zap" commercials about 6.2% with 3.4% accounting for a total tune out. Basic cable households switch-off commercials about 4.8% with 2.8% being tune outs. Nonwired homes account for a 4.7% rate of dial switching with 2.7% tuning out entirely.

As cable penetration increases from its current level of 41%, more viewers will be faced with the increased number of programs available. Pay cable households equaled about 25% of total TV homes in which half of those have the capability of receiving 20 or more programs. More choices translates into more switching.

The other single highest dial changing group, homes with remote control devices, switch from commercials about 7.1%, compared to households without remote that "zap" 4.5%. Owning remote control makes "zapping" as easy as pushing a button, in contrast to physically changing the dial.

Remote control devices are most widespread in pay cable households where 28% are equipped with the "zappers." Only half that figure have remote control in non-wired households.

As these figures increase, as they're expected to, "zapping" numbers must certainly escalate. The number of homes with remote control TV sets are expected to double to 43% of all TV homes by 1988, according to industry reports.

Obviously, zapping and tune outs tend to be higher during commercial minutes than within program, from 40% to 80% higher.

The study shows most of the switching occurs in the first five minutes, when viewers choose to see what their alternatives are and where commercial pods appear after the first minute of the show opening. Program conclusions also show a high rate of switching although the phenomenon drops within the body of the program.

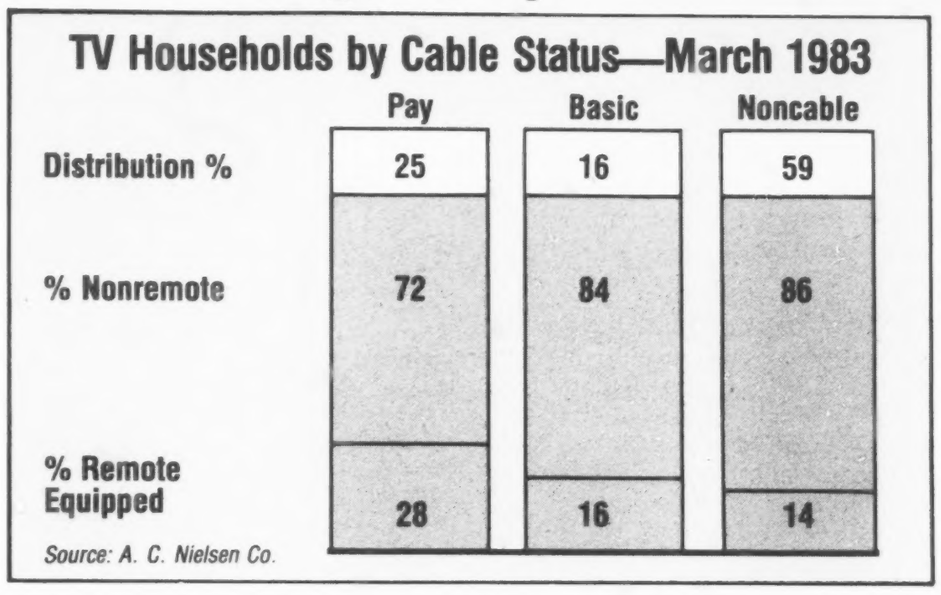
Different Strategy

This high rate of early minute "zapping" appears to be the signal making several advertising agencies rethink current commercial placement strategy. New proposals are calling for the shifting of traditional commercial pods to deeper into the program but the idea has not been accepted by the networks as of this time.

But even if commercial placement does change, it would still not entirely solve the "zapping" problem, particularly with regard to remote controls.

Households with remote devices tend to do more dial switching within the program as the program increases in duration. Homes without remote controls do not show this characteristic and remain stable for short, as well as, long periods of programming.

Homes grouped by cable status, particularly those with pay services, show the same switching tendency



Although cable, both pay and basic, is only at 41% penetration, its prevalence is expected to grow, and, with an increasing number of remote control-equipped TV sets anticipated to be consumed by the mass market, "zapping" could become a serious problem.

But don't take our word for it.

Take yours.

Just think of your own experience with AT&T products and how they've served your family.

AT&T is one of the best understood, highest-quality brand names in the business.

And that's because it has something many other companies don't. A relationship with millions of people.

But AT&T Consumer Products does not live on product or reputation alone. We provide you with a total program: Merchandising. Packaging. Servicing. Training. And promotion support to make the most of the growing phone business.

With all we have to offer, there's a simple way to look at us:

The single source.

AT&T Consumer Products offers more than 50 types of phones for every type of person, market and need, and in many colors and styles. No one else does.

So your store, whether it's in a big city or small town, can get exactly what it needs to sell.

You can choose the latest in Elite® phones and one-touch memory Touch-a-matic® phones. There are AT&T classic telephones: The Princess® and the Traditional. The advanced Genesis™ telesystem. Our family of Nomad® cordless phones. A totally new type of product, The Emergency Call System. And products like answer-and-record systems which help a phone do more.

You can also sell a full line of AT&T Do-It-Yourself Wiring and Accessories..

We set the standards, and set you up in business.

You get high margins with us and volume discounts, too.

And if you think you get too many returns in the phone business, you're just not dealing with AT&T.

First of all, we never assume everyone has all the information he needs for selling. So we offer a free training course to help you turn browsers into buyers.

And we keep on backing you up. With the kind of commitment you'd expect from a company that has 107 years in the business.

Our visual merchandising program has a lot of bright ideas. Floor plans and designs to meet your needs. High-visibility signage. Exciting point-of-sales graphics. Self-explanatory packaging.

There are even more selling advantages. Like our limited one-year warranty.

Our 800 number on each product, so your customer can call up about a problem or question. That way, they call us. They don't bother you.

There's also an 800 number for you, or your sales people. And your local AT&T sales rep is always ready to help.

You can even go by the book.

Our sales and product binders tell you just about everything anyone could ask about phones.

Biggest ad campaign in the business.

Sales of phones over the last five years have risen over 100 percent. It isn't just an accident. We know how to keep customers coming in.

We're launching a brand-new campaign in addition to our "We Set the Standards" series. The theme: "AT&T quality. Don't take our word for it, take yours."

You'll get sales and promotion kits to help you advertise in any media. That means logos, drawings and copy so you can tie in. Cooperative advertising allowances are liberal. And to top it all off, AT&T has a complete schedule of exciting promotions for major holidays and every season in the year.

The last word.

Success.

It's what happens when a high-quality, high-turnover product line is backed by a complete and aggressive sales program.

With all of this profit potential going for you, don't you owe it to yourself to call us? Dial 1-800-222-6111. Toll free.

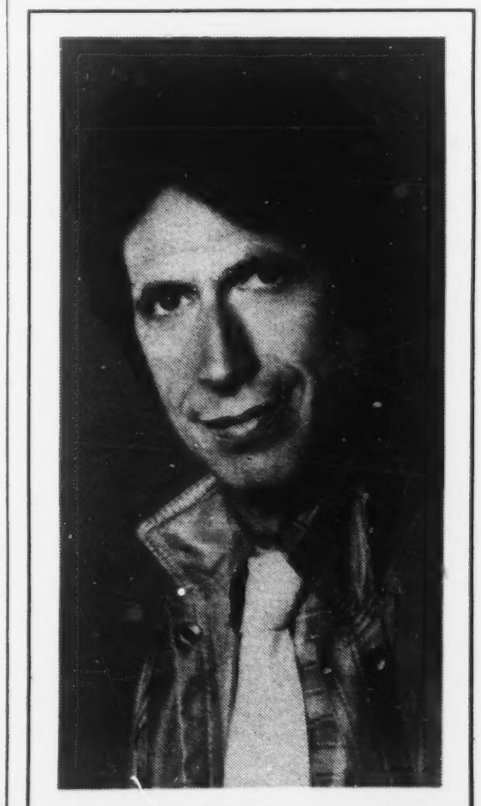
Now that you've read our words, we want to hear yours.

We set the standards.

AT&T Consumer Products

© 1984, AT&T

Visit us at the Consumer Electronics Show, booth #2027, McCormick Place.



David Brenner, comedian and television personality, will be a featured entertainer at the Gala Annual Banquet on Tuesday evening, May 8.

ADVERTISING

NMRI

Most Chains' TV-Ad Outlay Soars in 1983

Top Discount Department Store Spot TV Advertisers in a Single Market

Chain	1982	1983	% Change
Gemco, Los Angeles	$3,238,500	$3,003,600	− 7
Fred Meyer, Portland, Oregon	2,026,900	2,791,700	+ 38
Fortunoff, New York	1,998,100	2,480,600	+ 24
Target, Los Angeles	0	2,305,500	
Zodys, Los Angeles	2,003,400	1,848,900	− 8
Fred Meyer, Seattle	960,200	1,795,200	+ 87
Venture, Chicago	1,094,300	1,644,200	+ 50
Zayre, Boston	683,700	1,513,900	+121
Wal-Mart, Dallas	1,754,500	1,493,300	− 15
Target, Dallas	1,681,600	1,330,600	− 21

Source: Television Bureau of Advertising from Broadcast Advertisers Reports (BAR) data.
Note: Most co-op activity is credited to the manufacturer by BAR and not to the above retail advertisers.

West Coast Discounters Lead in Single-Market Expenditures

NEW YORK—West Coast chains led the discount industry in single-market television advertising expenditures in 1983.

Discounters' and catalogers' television advertising also intensified in such markets as Boston and Chicago with Zayre and Service Merchandise more than doubling their television advertising outlays last year, according to the Television Bureau of Advertising (TvB).

In single-market expenditures, Los Angeles-based Gemco was the leader with $3,003,600 spent in its home town, despite a 3% drop-off from 1982. Target ranked fourth, spending $2,305,500 in 1983 to support its entry into California in the former FedMart units.

Elsewhere on the West Coast, Oregon-based Fred Meyer increased its local advertising last year, particularly in the Seattle market, where it spent $1,795,200 87% over its 1982 outlay.

Advertising competition was intense in the Chicago market, where Zayre and Venture greatly increased their advertising budgets.

Venture, for example, increased its outlay by 50% to $1,644,200, placing seventh overall in the single-market advertising roster.

At the same time, Zayre's expenditures rose to $1,131,800 during 1983, 131% above its 1982 outlay in the Windy City market.

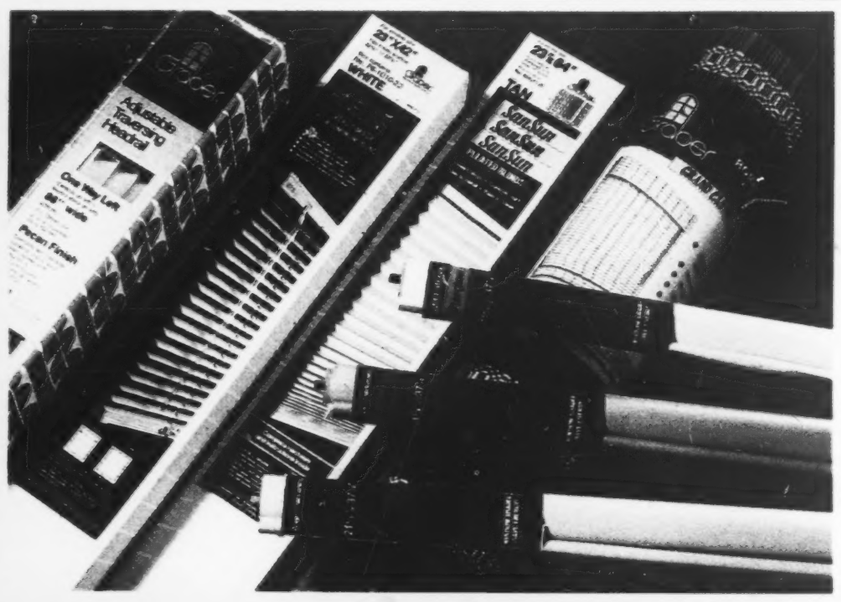
The Massachusetts-based discounter made a similar increase in its advertising payout in Boston, shelling out $1,513,900 in 1983. Cataloger Service Merchandise also upped its advertising expenses by 137% in the Boston market, spending $1,132,600 there last year.

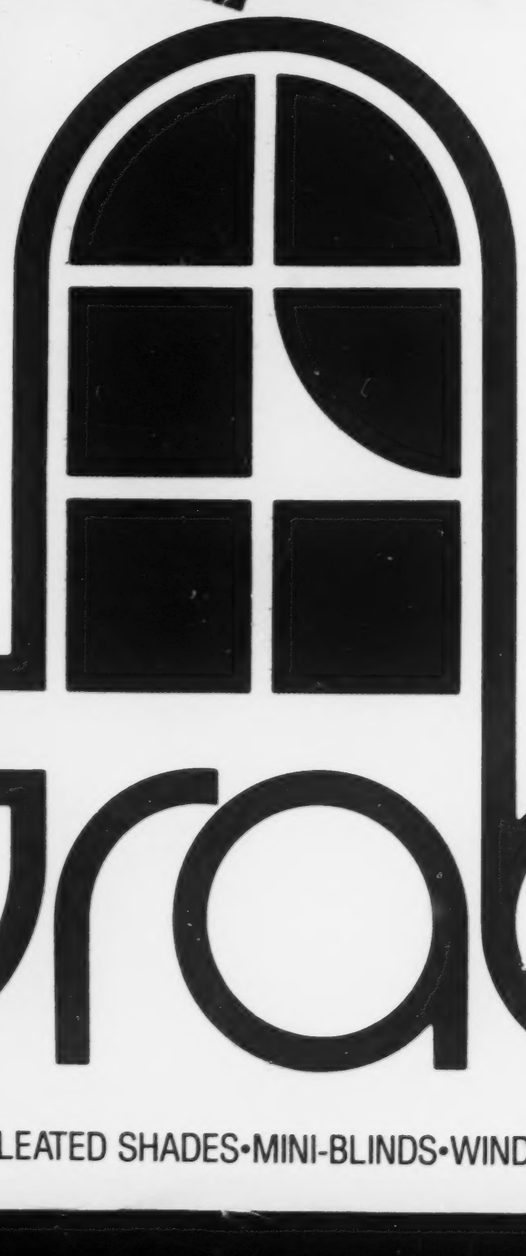
In Dallas, however, the trend went the other way with Target and Wal-Mart decreasing their advertising outlays by 21% and 15%, respectively.

In total spot television advertising for 1983, Target supplanted Wal-Mart as the top advertiser in this category increasing its expenditures by 23% to $10,754,800, while Wal-Mart's spot television payout dropped by 24% to $8,140,600. Service Merchandise, which increased

(Continued on page 72)

Graber Windoware Center





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Whitlock Appoints Helft Prexy, COO

WHITE PLAINS—Norman Helft has been named president and chief operating officer at Whitlock, the automotive specialty discount chain.

He replaces John L. Robinson, who left the company for personal reasons.

For the past 15 years, Helft has served Whitlock as senior vp-corporate merchandising.

Replacing Helft in the corporate merchandising vp post will be William Coupe Jr., who will be responsible for all purchasing and merchandising operations for the 75-store chain.

Store Shift Is Set By Empire-Crown

MINNEAPOLIS—Empire-Crown Auto, the 48-unit specialty discount chain based here, is moving its Forest Lake, Minn., store to a larger location.

The new unit, slated to bow Aug. 1, will be 33% larger than the current outlet and will have six automotive service bays while the present location only has one. The current unit will operate until the new one is opened.

ADVERTISING

NMRI

Most Chains' TV-Ad Outlay Soars in 1983

Television Advertising Expenditures by the 'Big Four'

Chain	1982 Network	1982 Spot TV	1982 Total TV	1983 Network	1983 Spot TV	1983 Total TV	% Change (Total TV)
Sears	$87,540,100	$12,544,700	$100,084,800	$115,895,600	$17,300,500	$133,196,100	+33
J. C. Penney	23,790,500	11,656,400	35,446,900	31,857,700	12,506,600	44,364,300	+25
K mart	32,469,800	7,446,500	39,916,300	23,539,300	9,017,900	32,557,200	−18
Montgomery Ward	0	9,309,800	9,309,800	33,300	9,289,900	9,323,200	No Change

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data.

K mart Bucks Tide, Cuts TV

NEW YORK—K mart cut back its television advertising expenditures by 18% in 1983.

The other of the big four retailers either remained constant or increased their budgets by at least 25%, according to figures released by the Television Bureau of Advertising (TVB).

Athough K mart actually increased its expenditure on spot television ads from $7,446,500 in 1982 to $9,017,900 last year, it posted an overall decline by cutting back network advertising to $23,539,300 from the $32,469,800 it spent in 1982.

Montgomery Ward had no overall percentage change in its total spent on television advertising last year. It shifted television advertising funds, putting a modest $33,300 in network advertising in 1983 and slightly reducing spot television spending to $9,289,900 from $9,309,800 in 1982.

Sears remained the largest retail television advertiser by increasing its television advertising expenditures by 33% in 1982.

J. C. Penney posted a 25% overall increase in its television advertising outlay. While Penney's spot expenditures rose to $12,506,600 from $11,656,400 in 1982, its network outlay skyrocketed to $31,857,700 from $23,790,500 in 1982.

Off-Price Retailers' Payout Rises 70%

NEW YORK—Off-price retailers' television advertising in 1983 totaled $26.6 million, a 70% increase from 1982's $15.7 million, according to the Television Bureau of Advertising.

In the face of an intensely competitive market, off-price retailers, expecially apparel chains, turned increasingly to television commercials.

Leading the overall off-price retailer group was Burlington Coat Factory, whose $5,195,900 1983 advertising expenditures were 72% above the 1982 figure of $3,028,600. Coming in second was Marshalls, the largest off-price apparel chain, whose $4,492,400 expenditure was 79% over 1982.

In 1983, television advertising played a massively more important role at J. Brannam in 1982: The Woolworth subsidiary's $1,514,100 worth of television commercials was 516% above its 1982 total.

Other off-price chains which boosted their television advertising last year included Dress Barn, whose 1983 expenditure of $236,800 was 72% over 1982, and Shoe Town, which spent $1,622,900 on television in 1983, 88% more than in 1982.

Front Row and Ross Stores entered the television advertising fray, with $614,900 and $306,700 worth of commercials, respectively.

Expenditures in Single Markets

Leading Discounter and Cataloger Spot TV Advertisers

Chain	1982	1983	% Change
Target	$ 8,755,000	$10,754,800	+23
Wal-Mart	10,756,800	8,140,600	−24
Service Merchandise	3,367,800	5,862,800	+74
Gemco	6,321,500	5,653,200	−11
Zayre	3,661,800	5,470,000	+49
Fred Meyer	2,991,700	4,586,900	+53
Hills	3,505,500	4,523,700	+29
Best Products	3,000,200	3,431,600	+14
Meijer's	1,875,900	3,064,800	+63
Venture	2,231,200	2,706,900	+21
Fortunoff	1,998,100	2,480,600	+24
T.G. & Y.	4,370,000	2,443,000	−44
Roses	1,717,900	2,416,800	+41
Zodys	2,884,300	2,205,600	−24
Richway	3,598,400	1,930,700	−46

Source: Television Bureau of Advertising from Broadcast Advertisers Reports (BAR) data. Note: Most co-op activity is credited to the manufacturer by BAR and not to the above retail advertisers.

(Continued from page 68)

its spot television costs by 74% last year, came in third with $5,862,800.

Among discounters, the largest increase in total spot advertising expenditures came from such chains as Zayre, with 49%, Fred Meyer with 53% and Roses with 41%.

In contrast, troubled T.G. & Y. spent $2,443,000 in 1983, 44% less than it spent in 1982. Richway's spot television outlay decreased to $1,930,700 last year, 46% less than it spent in 1982.

The TvB spot television advertising figures do not include most co-op advertising activity, which is credited to the manufacturers by the Broadcast Advertisers Report and not to the retail advertisers.

Off-Price Retailers: Leading TV Advertisers

Chain*	1982	1983	% Change
Burlington Coat Factory	$3,028,600	$5,195,900	+ 72
Marshalls Inc. (Melville)	2,547,700	4,492,400	+ 76
Kuppenheimer Factory Stores (Hercules)	2,501,700	4,472,200	+ 79
T. J. Maxx (Zayre)	1,616,200	1,838,300	+ 14
Shoe Town (Felsway)	863,500	1,622,900	+ 88
J. Brannam (Woolworth)	261,600	1,612,200	+ 516
National Brands Outlet	1,035,800	1,526,300	+ 47
Syms	1,610,300	1,514,100	− 6
Linens 'n Things (Melville)	655,200	1,102,100	+ 68
Plums (Dayton Hudson)	11,400	834,800	+7,223
Front Row (U.S. Shoe)	0	614,900	
Fashion Gal (Apparel Industries)	413,300	378,400	− 8
Ross Stores	0	306,700	
Dress Barn	137,600	236,800	+ 72
Filene's Basement (Federated)	356,600	200,600	− 44

**Name of parent companies in parentheses.*
Source: Television Bureau of Advertising from analysis of Broadcast Advertisers Reports data.

We Honor
Kmart
The Saving Place
Sale Starts Wed., April 18
Sale Ends Sat., April 21
Regular Prices May Vary At Some Stores Due To Local Competition
Easter Sale
25% OFF
Our Regular Low Prices
Beautifully Tailored Linen-look Coordinated Separates

New Momentum In Apparel-land

Easter was the perfect time for both Murphy's Mart and K mart to carry their new emphasis on fashion in apparel through to chain circulars. K mart went after the adults on the front page, striking a dressy fashion note with complete outfits. Women's suits tagged as "linen-look" featured stripes or solids and skirts or pants. Models were even accessorized with pearl necklaces, bracelets and earrings. Men weren't left out of the K mart apparel picture. The message is K mart has the complete outfit including coordinated ties and belts. Murphy's Mart, also after more apparel sales, devoted over half of its Easter circular to apparel for the first time ever. Girls' dresses got the front-page treatment. Inside, ladies' dresses, lingerie, infants' wear, boys' separates and men's wear were all represented.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

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Cov. 1, p. 4, 63, 68, 72,

106, 116, 123.

STORE OPERATIONS

NMRI

Wal-Mart's 7th DC Will Widen Expansion Capability

MOUNT PLEASANT, Iowa—Wal-Mart's opening of a 650,000-sq.-ft. distribution center here next January will position the chain for entry into as many as six states with deeper expansion likely in six others.

This distribution point—the discounter's seventh overall—will be its northernmost supply line, enabling it to venture into North and South Dakota, Minnesota, Wisconsin, Michigan and Ohio if it chooses. Furthermore, Wal-Mart will be able to serve existing and planned stores in Kansas, Nebraska, Iowa, Missouri, Indiana and Illinois, goals it has already acknowledged.

Planning is already under way for an eighth distribution center in a so far undisclosed region. Wal-Mart executives are said to be currently involved in the specific site selection process.

Privately, an executive at the chain indicated there will be new states added to Wal-Mart's 19-state trading area in which it already operates 664 stores, although he wouldn't specifically identify them.

"The placement of the warehouse there is in keeping with our marketing strategy to open new stores after distribution is set up to support them," he said.

All 12 states are within a 50-mile radius of the new DC, which is presently under construction.

"It could serve new states but that's not really high on our priority list," said David Glass, vice chairman/chief financial officer. "We've said many times that the opportunity for new stores in our existing trade territory could fill up our expansion plans for the next five years."

But Wal-Mart's history of distribution center openings shows that attention has been paid to both filling in its existing areas and expanding to new states.

That's visible from its foray into the Southeast with the opening of its 900,000 sq. ft. Cullman, Ala., DC—its largest—early last year. It has since opened 41 new stores in the region, including nine in two new states—Florida and North Carolina.

The opening of its 510,000 sq. ft. DC in Palestine, Tex., in 1982 has since enabled Wal-Mart to make Texas its largest state, with 122 stores, and to expand into New Mexico with two stores.

Wal-Mart's new distribution center in Mount Pleasant, Iowa, will utilize the same automated high speed conveyor system used by its six other DC's, like this one of its Bentonville centers. *(DSN photo)*

The chain has already announced its intention to open 105 stores this year—bringing its total to about 740—which will have its current four store-level distribution centers operating slightly beyond their ideal capacity with an average of 185 stores each.

Two of its three Bentonville, Ark., DC's are specialty operations; one serves as a clearinghouse for fashion goods, while the other funnels advertised merchandise. Both add a step to the distribution process, sending their items to the store level DC's prior to their delivery to the stores.

The remaining distribution center is currently operating in Searcy, Ark.

"We typically look for out [store level] warehouses to serve about 150 stores each," Glass said.

The period from groundbreaking to a DC's opening usually takes about one year with planning for a unit beginning as much as a year earlier. Historically, the units' locations are publicly announced about three or four months prior to groundbreaking.

On the basis of that schedule, the eighth DC should open sometime in late 1985 or early 1986.

No major operational changes are planned for the Iowa distribution center. All of Wal-Mart's centers are heavily automated with warehoused merchandise manually picked and placed on high speed conveyors.

Those conveyors feed the items to a central scanning point after which they are automatically diverted to the appropriate loading docks, feeding directly into waiting trailers.

The DC's also maintain break-pack operations, as well as handle flow-through, directly from vendor's trailer to Wal-Mart's trucks.

Microcomputers' Backroom Use Is an Emerging Trend

Nationwide DSN Report

Discounters are seizing more store-level management control with backroom computers.

Chains credit the new applications to the availability of more powerful and cost-effective personal computers, known as microcomputers.

The emerging trend toward backroom micros follows a period in which most of the nation's discounters launched electronic point-of-sale programs.

Discounters said they're beginning to use micros for POS data capture and a variety of store operations functions because they: provide programming independence; call for few data processing skills among users; are simpler to install and operate, and less costly to buy and maintain than minicomputers or controllers.

A micro equipped with software to perform most store-level functions costs in the $7,000 range compared with minis and controllers that scale upward from $25,000 to $100,000 per store setup, sources said.

Discounter use of store-level computers is expected to gain importance as chains open more far-flung units in broader geographic markets, and equipment prices continue to fall.

Currently, chains like Bradlees, Roses, Ames and Pamida are testing or plan to test new generation lower-cost micro systems that compare favorably in power, memory and flexibility with pioneering installations at Wal-Mart, K mart and Zayre.

Chains commonly plan to use micro systems for electronic mail, inventory replenishment, markdown reporting and time and attendance in addition to POS data capture, they told *DSN*.

Ames, which will begin chainwide installation of one IBM personal computer in all 170 stores by June 1 following ongoing tests, has more aggressive plans, outlined Eugene Senecal, vp-management information systems.

By next year, the Connecticut-based discounter expects store-level micros to also do drop shipment confirmation, local check and courtesy card authorizations, and help in labor scheduling and staff training, Senecal said.

Details are still to be worked out, he said, though he expects initial year labor savings chainwide to top 500,000 hours. That, along with shrink reduction because of better store-level price controls, has Ames anticipating payback in 1985.

The IBM micros will help effect better price controls two ways, said Senecal: by relaying headquarters price changes to the existing in-store POS network, and by searching for sale items so merchandise does not have to be reticketed.

The micros supplement Ames' chainwide POS network, which consists of IBM 3683 registers and two IBM 3684 controllers per store. Since there's file redundancy, micros provide secondary POS backup in case controllers fail, Senecal noted.

In addition to POS, Ames will use micros initially to run store operations reports like customer traffic, cash reporting and sales audit verification, Senecal said. If one store's micro needs service, he noted, another

(Continued on page 123)

Retail Use of Microcomputers

	Sales			Type of Store		
	Under $100 Million	$100-500 Million	Over $500 Million	Mass Merchandise Stores	Department Stores	Specialty Stores
Microcomputers are included in the operating plan (% of stores responding positively)	90%	69%	74%	73%	77%	82%
MIS approval is required for Microcomputer purchase (% of companies responding positively)	54	61	77	50	73	63
Microcomputers are used independently of the main data processing system (% of companies responding positively)	61	95	82	90	71	81
Average # of microcomputers currently installed	8	10	24	13	9	14
Applications processed on a microcomputer						
P.O.S.	4	10	9	10	9	7
Distribution	0	5	5	0	5	2
Purchase order management	0	7	0	0	5	7
Sales reporting/analyst	15	24	9	10	14	21
Financial planning	35	39	27	45	14	40
General ledger	0	5	0	0	5	2
Accounts payable	0	5	0	0	5	2
Accounts receivable	0	7	0	5	0	5
Inventory control	0	7	0	0	5	9
Stock replenishment	0	7	5	5	5	5
Payroll	0	7	5	5	9	2
Human resources/personnel	4	7	0	0	5	7
Store level (in store systems)	8	7	14	20	0	9
Other	4	15	18	20	5	12
None	54	34	46	20	59	40

Source: Arthur Young & Company national retail group.

LEGISLATIVE UPDATE

NMRI

Discounter PACs Are Armed For Congressional Races

WASHINGTON—By holding back on early campaign contributions to pro-industry candidates, discount store industry Political Action Committees are entering the home stretch of the 1984 Congressional races armed with a war chest of more than $100,000.

Based on the latest (December 1983) figures filed with the Federal Election Commission, Federal candidates received less than 10% of the over $110,000 raised by discount store industry political fund-raisers since the last elections.

PACs are of critical importance to discount chains and other businesses attempting to sensitize politicians industry concerns because Federal law prohibits corporations from donating directly to Congressional races.

However, the law does allow corporations to form separate fund-raising PACs which can collect individual donations for Federal candidates.

If PAC size is any indication of the political "sophistication" of a business, then discount chains tracked by *Discount Store News* are becoming more sophisticated.

Even though election day is still months away and most Congressional fund-raising campaigns have not taken off yet, PAC Administrators at K mart, Federated, Wal-Mart and other industry organizations have already raised more than $110,000 (compared to $200,000 for the entire '82 election).

Figures Analyzed

Although the PACs made a total of 411 contributions during the last election, they still saved over $30,000 for the '84 races.

Based on the latest F.E.C. figures, discount store industry political fund raisers doled out less than $10,000 to Senate and House candidates since the last elections.

Specifically, those discount store industry PACs made 29 contributions to 22 Federal candidates, with Democrats receiving 52% of the funds.

The amount of these contributions varied greatly, ranging from "token" payments of $100 to several thousand dollars. Most of the contributions weighed in between $200 and $500, however, with Democrats receiving an average of $392 vs. $297 for the average Republican supported by discount store industry PACs.

In contrast, during the 1982 campaign discount store industry political fund-raisers channeled the majority (64%) of their contributions to G.O.P. candidates.

Although discount store industry political fund-raisers often pitch their solicitation attempts at the need to elect new, pro-business members to Congress, incumbents received all the industry PAC contributions made to Federal candidates since the '82 elections.

Despite the discount store industry's apparent inclination to "play it safe" by donating its PAC contributions to incumbents, *DSN*'s review of F.E.C. filings found distinct differences in spending patterns from chain to chain.

K mart's PAC—the industry's largest—raised more than $50,000 since the 1982 elections, but only donated a total of $400 to two Federal candidates.

On the other hand, during the last election, K mart's PAC made 118 contributions totaling nearly $40,000 to candidates running for Congress.

Another Consideration

Based on the latest F.E.C. figures, Dayton Hudson had the most active discount store industry political fund-raising organization in 1983.

Specifically, that fund-raising committee earmarked $3,250 to 15 Federal candidates as well as $750 to the Michigan Republican Party last year.

As of the last F.E.C. report deadline, some industry PACs were still holding back on making compaign contributions to Federal or State candidates.

For example, separate PACs operated by Carter-Hawley, the National Mass Retailing Institute, May Department Stores and Wal-Mart only contributed to five, four, two and one candidates, respectively, in 1983.

Democrats, Republicans Share Equally

PAC Sponsor	$ Contributions to: Democrats	$ Contributions to: Republicans	No. of Contributions to: Democrats	No. of Contributions to: Republicans
Carter-Hawley	$1,500	$1,150	3	2
Dayton Hudson	600	2,650	5	10
K mart	0	400	0	2
May	2,250	0	2	0
Wal-Mart	0	300	0	1
National Mass Retailing Institute	750	250	3	1
Totals:	5,100	4,750	13	16

Source: Federal Election Commission

Amount of Contributions Varies Widely

Sponsor	PAC Collections For '84 Campaign	$ On Hand From '82 Elections	PAC Contributions to: Federal Candidates	PAC Contributions to: State Candidates	PAC Contributions to: Other Industry PACS	Admin. Costs	$ Available For '84 Campaign
Carter-Hawley	$ 29,313	$ 2,233	$2,650	$ 0	$2,000	$ 89	$ 26,807
Dayton Hudson	18,164	4,645	3,250	750	0	0	18,809
Federated	1,830	646	0	0	0	0	2,476
K mart	52,008	17,596	400	0	1,100	606	67,498
May	345	3,302	2,250	0	0	0	1,397
Wal-Mart	5,000	723	300	0	0	0	5,423
Assn. of Gen'l Merchandise Chains	100	738	0	0	0	0	838
National Mass Retailing Institute	4,250	156	1,000	0	500	0	2,906
Totals:	111,010	30,039	9,850	750	3,600	695	126,154

Source: Federal Election Commission

Lazarus, Banks Nominated to Wal-Mart Board

BENTONVILLE, Ark.—Wal-Mart has announced the nominations of Charles Lazarus and David R. Banks to stand for election to Wal-Mart's board of directors.

The election will take place at the chain's annual stockholders meeting.

Lazarus currently serves as chairman and chief executive of Toys"R" Us. Banks is the president and chief operating officer of Beverly Enterprises.

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Microcomputers' Backroom Use Is an Emerging Trend

(Continued from page 106)

store's unit can pinch-hit and run administrative reports for both stores during the 24 hours it takes to replace.

Ames is coming off a three-year period during which it "fully sku'd all its merchandise, not just fashion" and converted all stores to a POS system, said Senecal. He sees installation of micros as the next "cost-effective step to slashing paper-intensiveness and letting our managers manage and salesmen sell."

Pamida will begin testing pairs of Sierra 5000 micros, costing $10,000 apiece, in 12 stores next year. They'll upgrade the chain's POS system to full 100,000 sku data capture capability, up from the limited 430 item price look-up capacity in 60 of its stores now, said Jack Hardey, vp-management information systems.

One micro will be used for POS. The second will serve "as a vital backup for our rural stores, and for electronic mail, which is also critical because we're spread among 12 states," he said. Both micros will share the same data base and will be interchangeable.

Local check authorization, inventory replenishment, drop shipment confirmation and time and attendance will be secondary uses for the second micro in each equipped store, Hardey said.

Chains adding store computers must first assess "their store management and systems culture, and take a serious look at how they'll fit in. We're going out of the cash register business and into the micro business," cautioned Ames' Senecal.

For its part, Ames developed a system that Senecal said "minimizes store management intervention, normally requiring just brief start-of-day and closing procedures."

Zayre's chainwide minicomputer system currently does more, though it's far more costly and requires four weeks of user training.

Still, store and department managers who have access to the machines "love them for what they do," said Michael Bilotti, director of systems and technical services.

Having recently completed a four-year installation program, all Zayre stores have two NCR 8255 minis. One runs the POS system, including related price change, raincheck, local check and credit authorizations. The second unit serves as backup and does electronic mail, payroll and inventory replenishment.

By year's end, said Bilotti, all Zayre stores will be able to effect on-line Mastercard and Visa credit authorizations and drop shipment confirmations.

Inventory replenishment is done, he explained, by "store managers keying orders into their computers daily."

Wal-Mart, which has had IBM Series I minis installed chainwide since 1975, orders 85% of its merchandise from its stores rather than central buying, Glenn Habern, vp-data processing, told analysts recently.

Computer ordering, he said, lowered the chain's lead time from 21 days to nine, and has reduced average inventory investment for some merchandise by 17%.

New Murphy's Mart Hypos Soft Lines

(Continued from page 108)

race track, adding wood finish and Plexiglas fixtures, setting up display photo's illuminated by rear lighting, the addition of track lights and all new signing.

Lytle would not disclose the cost of the two test remodels. But he did say that since his chain makes its own fixtures, cost per store could be reduced by a third in additional units.

Murphy's Mart closed fiscal 1983 with a 6% volume increase to $872 million and a 56% earnings gain to $18.4 million. During '83 the company closed 24 of its variety stores and opened five new Murphy's Marts. Lytle said the closings of the variety stores were cases of long-term leases (that offered low rents) which had expired.

The company's program of paring down its variety store division is almost complete, according to Lytle. "We've gotten to the point where most of the existing [285] stores are profitable for us," he said. Since 1980 the contribution of the Murphy's Mart stores to total company sales has grown from 58% to 68%.

Within the discount division, the company is also making changes in its advertising. The chain recently switched advertising agencies and is putting together a program to reach more younger customers through radio and television ads. In print, the chain launched a first in its Easter circular—devoting more than half the pages to apparel.

Recruiting

(Continued from page 120)

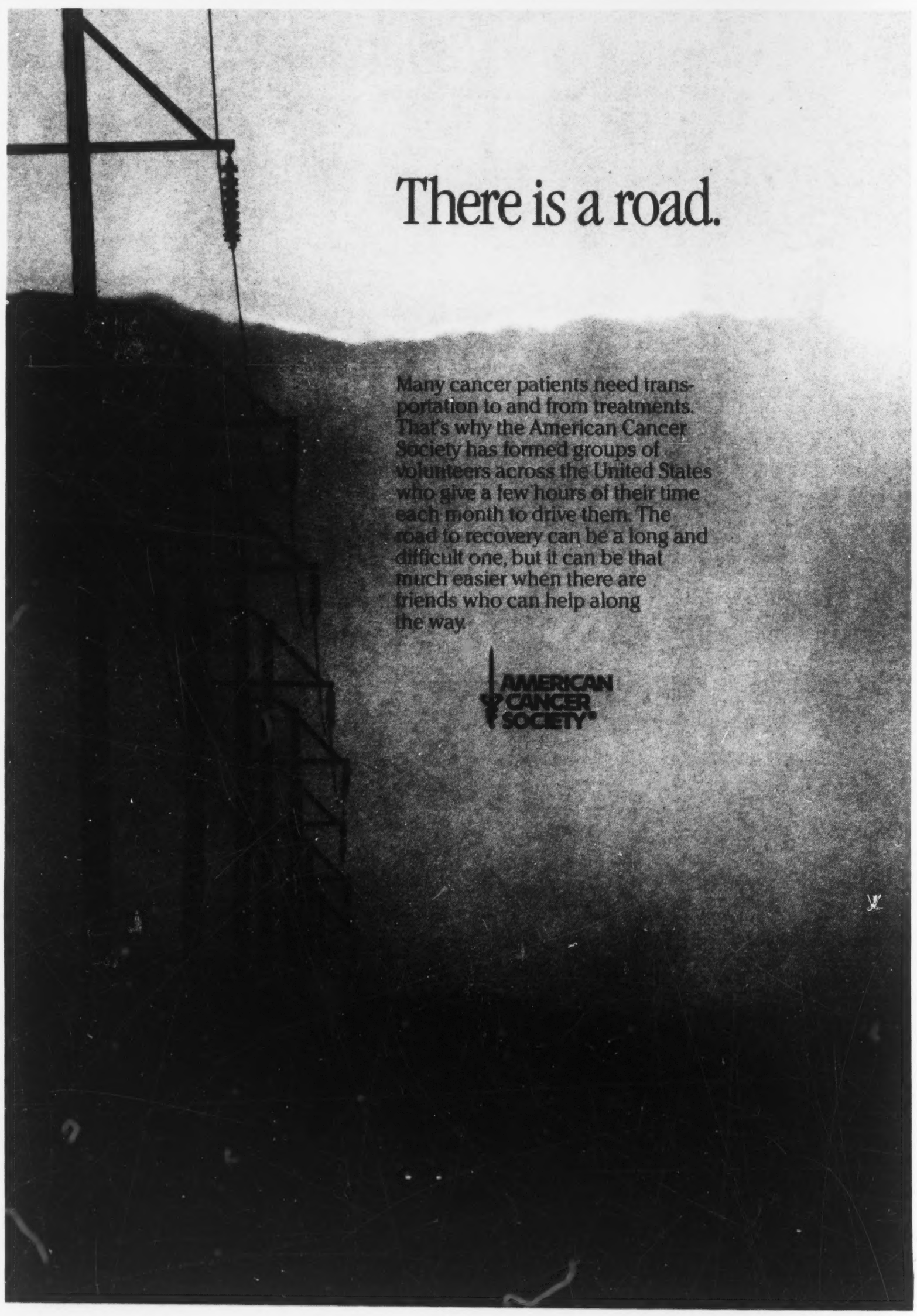
in the low teens. The average salary this year for trainees, with little to no previous retailing experience, is about $14,000.

Roses starts out at $14,000 with increases in six months, depending on the review. Fishers offers $14,100 after the five-month initial adjustment. Gold Circle brings in trainees at about $14,300, the same salary it pays to starting group managers. There is an increase after the first year. Pamida's salaries for trainees range between $12,000 and $14,000. It could go as high as $18,000 for trainees with a retail background.

As competition heats up on campus, other chains are currently reworking their M-I-T programs.

T.G. & Y. is totally overhauling its program and is doing no campus recruiting at the moment, according to a company spokesman.

Richway is also in the process of re-evaluating its M-I-T and should have a new strategy in place by the coming summer, according to Bonnie Wolf, divisional vp, human resources.


There is a road.
Many cancer patients need transportation to and from treatments. That's why the American Cancer Society has formed groups of volunteers across the United States who give a few hours of their time each month to drive them. The road to recovery can be a long and difficult one, but it can be that much easier when there are friends who can help along the way.
AMERICAN CANCER SOCIETY

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CONSUMER ELECTRONICS SHOWS

CES Section: Pp. 23-62

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Andrew Lewis Robert E. R. Huntley Bernard Cohen

Best Restructures Its Top Management

RICHMOND—Best Products at presstime was due to promote Andrew Lewis to board chairman and chief executive officer and Robert E. R. Huntley to president and chief operating officer as part of a major restructuring of its top management.

The other key change was the hiring last month of Bernard Cohen, president of Consumers Distributing (U.S.), to head up the Best retail group composed of seven catalog showroom chains and two specialty store operations: Best Jewelry and Ashby apparel stores.

The company also revealed it made an outsider takeover more difficult by making a change in its bylaws and by instituting a "golden parachute" severance agreement with about 40 top officers.

Lewis, 38, will succeed his father, Sydney Lewis, 64, who cofounded the company 27 years ago with his wife, Frances. Huntley, 54, takes over Andrew Lewis' previous post.

Cohen, 41, fills a newly created spot, executive vice president and president of the new, all-encompassing retail group. The company's other operation is Bidnet, a service that provides information to contractors for bidding on Federal, state and local government projects and which has no material impact on Best's sales and earnings.

Best this year is set to open at least eight new showrooms, including its first two in the Greater Milwaukee market, and 14 Ashby's, with an undetermined number of Best Jewelry units also planned.

The management restructuring, along with the measured, steady growth in showrooms and fast-track expansion of Ashby's that will double that chain's size to 30 stores, are part of Best's efforts to improve

(Continued on page 70)

K mart Financial-Service Plunge Furthers Banking-Field Changes

By ARTHUR MARKOWITZ

TROY, Mich.—K mart has started to move into the financial services area in a big way.

In the process, K mart is helping to further erode the barriers that limit banks to operating in one state and that set them and their functions apart from other financial services.

A key aspect of K mart's move was adding certificates of deposit (CD) and money market accounts through a groundbreaking arrangement with a local bank to the insurance services that had been the mainstay of its efforts for the past few years.

The discounter will expand its financial services from 21 stores in Texas and five in Florida at the start of the year to as many as 95 in the two states by the end of the year as the prelude to a Sunbelt regional rollout in 1985 of a program K mart has contemplated for about five years.

John Hartman last month was named to head the program as assistant treasurer for financial services. He had been one of the corporate financial analysts who helped develop the program under Robert E. Brewer, executive vice president, finance.

K mart tested the banking services earlier this year in three Florida stores. Last month it started to offer CDs and money market accounts in Texas in three Fort Worth stores.

K mart is acting as a "finder" for the Troy, Mich.-based Standard Federal Savings and Loan, which actually issues the CDs and money market accounts.

K mart and bank officials believe it is the first such arrangement in the nation. The discounter just processes the forms and payments for the bank, receiving a fee that neither party would disclose.

It enables the $5 billion-in-assets Standard Federal to extend some of its banking services from just Michigan to two other states. At the same time, it allows K mart's wholly owned subsidiary, K mart Insurance Services, for the first time to offer banking services in its insurance centers.

When K mart first offered the two savings accounts in discount stores in Margate, Fern Park and St. Petersburg, Fla., the state's comptroller attempted to block the effort and obtained a temporary restraining order that was later lifted by a Leon County Circuit Court judge. The Florida court ruled that the offerings were legal.

The Florida comptroller's action points up the disarray in Federal and state banking laws.

On the Federal level, the Glass-Steagall Act, passed in the Depression, separated the financial industry into specific businesses which couldn't offer any financial services provided by the other : banking, insurance and brokerage. The states, meanwhile, have long had laws that prevented out-of-state banks from operating within their borders.

Technology, especially the computer, along with changes in the nation's economic infrastructure, led to breaches in the Federal and state barriers. Standard Federal, for example,

(Continued on page 69)

K marts Remain Key To Growth: Leftwich

TROY, Mich.—"The great future of the company still lies within those four walls of K mart stores."

This was how K mart president and chief operating officer Samuel G. Leftwich viewed the company's future and speculation about the impact that diversifications such as the move into financial services would have on the $18.5 billion discounter.

"Even if we were to make an acquisition of a $1 billion company, that would only be 5% of sales, so that with the base such as it is, any future major growth of the company still lies within the four walls of the discount stores."

K mart veteran, Leftwich has been president and coo since January 1981. He has been a senior vice president personnel and employee relations, and director of food operations. He served in various merchandising and administrative posts in K mart's Western region from 1966 to 1971, including assistant regional manager. During Leftwich's tenure in the Western region, that area was headed by Bernard M. Fauber, now K mart chairman and chief executive officer.

(Continued on page 69)

"What we are doing this year [installing modular presentations] is the biggest change, in my opinion, that any retailer has ever made."
—Samuel C. Leftwich, president, coo, K mart

DSN • DSN •

Digest

June 11, 1984

CE TECHNOLOGY UPDATE

• **Innovative CE products are** reaching the mass market faster than ever (p. 27). Other articles in *DSN*'s CE Technology Update Supplement (pp. 27-42) include discussions of mobile cellular phones (p. 30), high-end computers,(p. 32), compact disc and higher-end rack systems (p. 36), and video innovations (p. 38).

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IN BRIEF

MALCOLM SHERMAN (LEFT), PRESIDENT OF ZAYRE, and John Geisse, founder of Target and Venture and currently head of The Wholesale Club, will be honored at *DSN*'s seventh annual SPARC Awards banquet on Aug. 12th in Chicago (see story page 2). Sherman was voted Discounter of the Year; Geisse will be inducted into the Discounting Hall of Fame.

CRAZY EDDIE, THE 12-UNIT NEW YORK-BASED CE chain, has launched a bid to go public. At presstime, the chain was poised to file an SEC registration statement with an initial offering of two million shares, 700,000 of which will come from principals, including Eddie and Sam Atar.

Chains' New Controls Brake Escalating Travel Expenses

By AL HELLER

Discounters and catalogers are applying new control tactics to help put the brakes on escalating travel costs.

Rather than cut back on their number of store, buying or trade show trips, retailers are establishing an array of programs and policies to bolster trip productivity and trim expense.

Best Products, the nation's leading cataloger with stores in 27 states, formed an in-house travel agency.

Gold Circle went on-line last month to an outside travel agency, airline, hotel and car rental companies.

Ames and ALCO rely more on company planes than scheduled commercial flights because of travel frequency to their far-flung markets.

Gaylords stresses advance planning to maximize use of available promotional fares.

H. J. Wilson monitors its company travel through consolidated activity reports provided by its outside travel agency.

No one considers grounding executives.

"Trips are critical. They're the lifeblood of our chain," said ALCO vp-soft lines merchandising Glen Shank.

"You can't sit in the office and know what's going on," insisted Joseph Nusim, Gaylords executive vp.

At Richmond, Va.-based Best Products, an in-house travel agency is expected to save the firm $300,000 in 1984 travel costs; $250,000 of that should materialize from more consistent use of promotional air fares; $50,000 will result from Best's ability to negotiate lower hotel, motel and automobile rental rates because of its volume buying.

"It more than pays for itself," said Joe Anderson, director of

(Continued on page 70)

Best's In-House Travel Agency Seeks Annual $300G Savings

RICHMOND—Best Products' expense control measures call for greater travel cost reductions in 1984, without any cutback in the amount of store visit, buying or trade show trips.

Goals for the nation's largest cataloger include paring 7% from hotel costs per day, 8% from car rentals, and a 10% boost in the number of Super-Saver and promotional airfares booked, said Joe Anderson, director of corporate administration.

That would result, he said, in annual travel cost savings of $300,000: $250,000 by booking half the company's flights at promotional rates, and the rest from lower negotiated hotel, motel and car rental rates.

Clearly, Best's in-house travel agency is working toward the objectives: 73% of March air travel was at reduced fares, and Best just agreed to a Budget Rent-A-Car package that slashed car costs 12%-15%, he said.

The agency, established in August 1982, took nine months to run smoothly, Anderson said, until a staff of three former travel agents jelled. Best has just begun to track savings, though Anderson feels the effort more than pays for itself.

Best sought greater control and sensitivity to low rates than

(Continued on page 70)

Ames: Remodeling, Remerchandising To Help Up Biz, Net 20% in '84, '85

NEW YORK—Ames Department Stores is making changes in its operations to spark what it anticipates will be 20% yearly gains in sales and earnings during 1984 and 1985.

The 170-store discounter will continue its expansion into contiguous Northeastern markets to move toward these goals, as it works to strengthen same-store productivity by:

—tripling its remodeling pace;

—spending $8.5 million on distribution center improvements;

—tightening planogramming and fixturing;

—revamping advertising;

—upgrading apparel merchandising;

—pricing more competitively on key identifiable items;

—increasing the use of its zip code sales tracking system and store-level microcomputers.

Chairman Herbert Gilman and president Gerald Kanter outlined those directions to a security analysts meeting in New York recently. They said half the growth would come from existing stores.

Ames on April 28 ended a record first quarter that reflected the impact of its remerchandising and remodeling efforts, along with results from 42 King's stores acquired last spring. Same-store sales rose 22% over the year-earlier quarter, which is "above target," said senior vp-administration and finance Ralph Shulansky.

Apparel sales rose 23.7% and hard goods 23.1% as leased footwear and food service departments lagged, said Gilman. It was the first time that apparel gains outpaced hard goods, he added.

Chainwide during the quar-

(Continued on page 69)

"Our remodeled King's stores in densely populated areas are our highest volume, most profitable units—running at a $6 million annual pace apiece in the first quarter and exceeding expectations by 50%." —Herbert Gilman, chairman, Ames.

Carl Bennett (center), founder and now former chairman of Caldor, was inducted into the discounting Hall of Fame at the 1983 SPARC Award banquet.

In 18 Categories

73 Mfrs. Nominated For SPARC Awards

NEW YORK—The nominations for *Discount Store News'* seventh annual SPARC (Supplier Performance Award by Retail Category) Awards are in. (See editorial, page 6.)

Seventy-three manufacturers in 18 product categories were nominated in a poll of the discount industry's buyers. Buyers judged the suppliers on a variety of criteria including advertising support, product quality, packaging, service and delivery capabilities.

First-, second- and third-place winners in each category will be announced at the annual SPARC Award banquet on Aug. 12 at the Grand Hyatt Hotel in Chicago.

Following is a list of the nominees. (The number of nominations varies in some categories because of ties in the first balloting.)

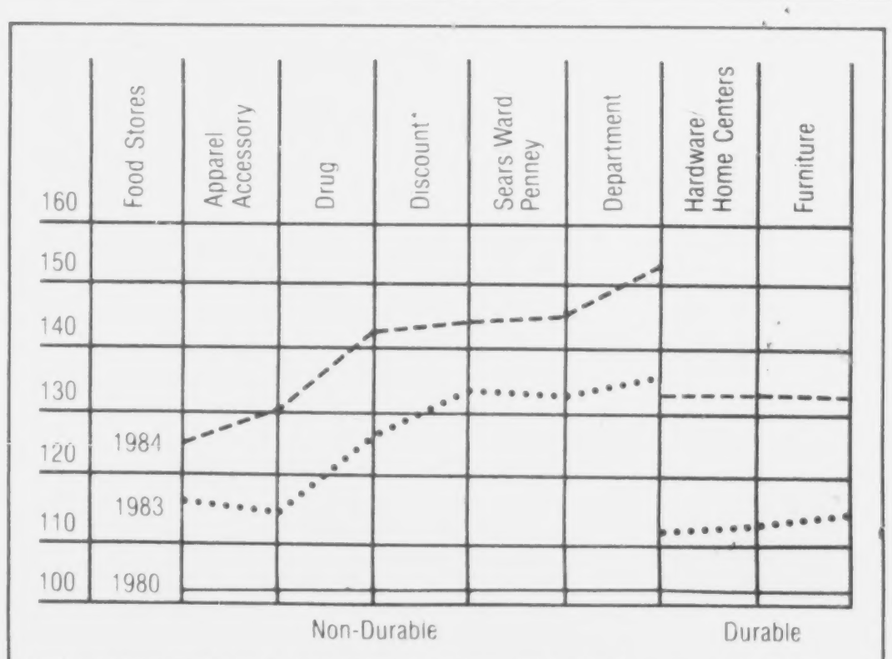
SPARC NOMINEES

Automotive: Kraco, Lee Filter, Sagaz Industries, Turtle Wax, Vatco Seat Cover
Children's Apparel: Garan, Gitano, Kendall/Curity, Stevens International
Consumables: Hershey, Leaf, M&M/Mars, Procter & Gamble
Consumer Electronics: Emerson, General Electric, Panasonic, Samsung, Soundesign
Domestics: Burlington, Louisville Bedding/Reed, St. Mary's/Fieldcrest, West Point Pepperell
H&BA: Chesebrough Pond's, Clairol, Gillette, Helene Curtis
Hardware: Black & Decker, Glidden, Hirsch, Newell
Housewares (nonelectric): Anchor Hocking, Corning, Rubbermaid
Jewelry: Advance Watch, Dalow, Princess Pride, Timex
Ladies' Apparel: Gitano, Lee, Playtex, Wrangler
Lawn & Garden: Anchor Swan, Arnold Industries, Colorite, Ortho, Structo
Men's Apparel: Garan, Hanes, Lee, Network Ind., Oxford Industries, Sigallo, Wrangler
Personal Care: Clairol, Conair, Norelco
Photography: Keystone, Kodak, Polaroid
Small Electrics: General Electric, Hamilton Beach, Norelco
Sporting Goods: Academy Broadway, Coleman, Diversified Products, Franklin
Stationery: Esselte Pendaflex, Mead, 3M
Toys: Fisher-Price, Hasbro, Mattel, Schaper

% of Retail Activity by Type of Business

TOTAL IN DOLLARS	1984 1st Quarter (In millions) $150,509	1983 1st Quarter (In millions) $137,150	1980 1st Quarter (In millions) $113,803*
DURABLE GOODS STORES	%	%	%
Hardware/home center (building materials, hardware, garden supplies, mobile home dealers)	9.8	9.1	9.8
Furniture, home furnishings and equipment stores	8.8	8.3	8.8
NONDURABLE GOODS STORES			
Food	43.6	44.9	46.0
Discount	10.9	11.1	10.0
Apparel/accessory	8.5	8.4	8.6
Drug	6.7	6.7	6.3
Sears/Ward/Penney	6.4	6.4	5.8
Department	5.3	5.1	4.6

*Does not equal 100% due to rounding †Includes sales from full-line discount stores only Source: Lebhar-Friedman Research and Dept. of Commerce



†Includes sales from full-line discounters only Source: Lebhar-Friedman Research and Dept. of Commerce

L/F Unveils 1st Quarterly Retail Index

NEW YORK—In a record first quarter, where total sales of the major retail sectors topped the $150 billion mark for the first time, full-line discount stores dominated the market, accounting for 10.9% of all general merchandise sales, according to the L/F Retail Sales Index.

Department stores, however, posted the largest gains on the Index, moving ahead 17 points, to 153, over the same period a year ago.

The L/F index was developed by Lebhar-Friedman, publisher of *Discount Store News*, with 1980 sales as the base (100). Auto sales are excluded.

The index, which will be reported on a quarterly basis, represents the net change in adjusted estimated quarterly retail sales. (The Consumer Price Index rose 22.4% between the first quarter of 1980 and the same period of 1983, and 28.1% between the first quarter periods in 1980 and 1984.)

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Giants Evolving Among CE Discount Chains

Nationwide DSN Report

Specialty consumer electronics discounters haven't just found a niche in the marketplace—a convincing argument could be made that they've completely *reshaped* it to their liking.

In the process, a number of chains are on their way to becoming giants in the industry, extending their market dominance strategies to regional dominance. There's already some speculation concerning the emergence of the first national CE chain—other than private-label-dominated Radio Shack—possibly before the end of the decade.

Wards, which operates Circuit City, Lafayette and leased departments in California discounter Zodys, expects to near the half-billion-dollar mark in sales this year—a projected 40% gain over last year's sales. Helping it to that level will be the opening of 15 new stores and a market entry into Atlanta.

The planned opening of a new distribution center in the Georgia capital will give it access to the rest of the South—the four Gulf Coast states.

Silo expects a 38% sales gain this year, pushing its volume to $380 million. The chain also plans the opening of 35 new stores—many of them 60,000-70,000-sq.-ft. "warehouse" operations, conforming to the company's newly developed prototype.

In the process, Silo will enter Kansas City, upstate New York and the Pacific Northwest.

Pacific Stereo's anticipated 18% sales gain this year will push it to the $200 million mark. After two static years, during which the chain was sold by CBS to Burke Mathes, Pacific will open five new stores in its

(Continued on page 55)

Leading Electronics Discounters

Chain	Chain Volume[a] (Mill. $)	Number of Stores 1/83	1/84	1/85	Avg. Store Size (Sq. Ft.)	Other Mdse. Carried[b]
Wards (Va.)	357	101	98	113	3,600	Computers, Major Appliances
Silo (Pa.)	275	56	72	107	12,000-70,000	Major Appliances
Highland (Mich.)	270	19	25	31	n a	Major Appliances
Pacific Stereo (Calif.)	170*	83	82	87	4,600	Computers
The Federated Group (Calif.)	138	15	20	28	23,100	Computers
Newmark & Lewis (N.Y.)	100	21	24	27	10,000	Computers, Major Appliances
Luskin's (Md.)	95*	19	23	24	10,000	Major Appliances
Crazy Eddie (N.Y.)	82*	10	12	13	7,100	Computers
CMC Stereo (Mo.)	71*	57	57	57	3,500	
Schaak Electronics (Minn.)	65	56	57	60	2,900	Computers

[a]—Last Completed Fiscal Year [b]In addition to the five categories of audio, video, TV, telephones and car stereo. All chains listed carry at least those five except CMC Stereo, which just has audio, TV and car stereo
** DSN Estimate*
n a—Not Available
Source: DSN Research

Wards Eyes $500M Sales in '84, Sparked by 15 Store Openings

RICHMOND—Wards, the nation's largest consumer electronics specialty discounter, has set its sights on a half billion dollars in sales this year fueled by 15 new store openings.

The slated openings include four units in an Atlanta market entry: three Circuit City Superstores (30,000 sq. ft.-40,000 sq. ft. gross) and one smaller Circuit City Store (4,000 sq. ft.-7,000 sq. ft. gross). When combined with the planned opening of a new distribution center there, Wards is positioning itself for market dominance as well as for a march through the rest of the South, including entries into Florida, Alabama, Mississippi and Louisiana.

"We go after a market dominance—market share strategy," said Lawrence A. Wolfson, assistant treasurer. "We would rather dominate a smaller area of the country than be spread out all over. But most of our [expansion in existing markets] will be completed this year."

Wards currently operates 98 units in 12 states, principally in the Southeast. Its influence also extends to New York and New Jersey, however, through its ownership of Lafayette Radio Electronics (11 stores with three more planned this year), and to California and Nevada where it operates 41 leased departments at full-line discounter Zodys.

The chain produced $356.7 million in sales for the fiscal year ended Feb. 28, a 45% gain over the previous year. Net earnings rose 300%—to $12.9 million, a 3.6% return on sales, more than double that recorded a year earlier.

Sales Up

At the same time, Wards also showed growth in sales per square foot, gross margins and inventory turnover. The chain experienced a 35% gain in sales per square foot, rising from $740 to $999. Inventory turns increased from 4 to 4.3 and margins rose seven-tenths of a per cent, to 28.8%.

There was a net loss of three units last year; though Wards opened nine new stores, it closed 12, principally leased departments in Zodys, then in Chapter 11. (Zodys' parent, HRT Industries, recently emerged from reorganization through an agreement giving McCrory's effective control of the company.)

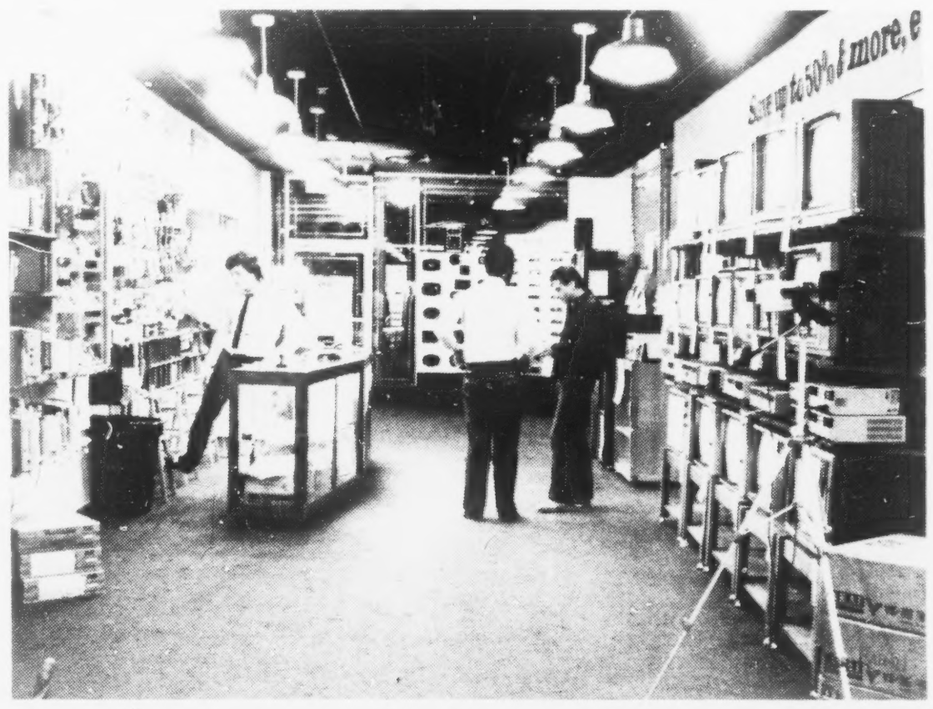
Wards' primary expansion vehicle to continue that growth will be its Circuit City Superstores located in or near metro markets. Nine of the 15 scheduled openings this year will be Superstores, more than doubling their current number.

The eight Superstores in operation last year (including one opened during the year) yielded about $83.9 million in sales, roughly 23.5% of Wards' total volume.

Though the Superstores have benefited heavily from a rebounding major appliance industry, which recorded its first substantial gains in 10 years, Wards' stock-in-trade remains its full-line consumer electronics merchandise.

Majors accounted for 15% of the company's total volume last year. Most of that amount was produced by the Superstores, although the West Coast operation does include some major appliance offerings. While sales in the category will undoubtedly rise as more Superstores open, it's unlikely to become dominant since the market is

(Continued on page 68)



Tech hifi has squeezed margins through the use of more promotional goods, as seen in its Paramus, N.J., unit. But, company officials say the chain's Chapter 11 struggle hinges more on expense control. *(DSN photo)*

Tech hifi, in Ch. 11 and Down To 43 Units, May Shut More

RANDOLPH, Mass.—Tech hifi has embarked on a radical cost-cutting campaign in its effort to survive bankruptcy.

The cuts were implemented during the six weeks following the chain's April 10th Chapter 11 filing that simultaneously brought the closings of 14 additional stores. Tech now operates 43 stores in seven northeastern states, having pulled out of Ohio, Michigan and North Carolina.

More closings are possible during the next three months.

"Obviously we're looking at the individual store numbers pretty hard," company president Steven Mayes said in a telephone interview. "There

(Continued on page 58)

Dress Barn, Fashion Gallery Battle For Off-price Chain

BOSTON—The battle for Fashion World, a 14-unit off-price ladies' apparel chain, which filed Chapter 11 last November, was expected to be resolved at presstime.

Rival bidders Dress Barn and Fashion Gallery—both New England-based ladies' wear off-pricers—were each planning to submit sealed envelopes containing revised bids to a bankruptcy court on June 4 for a final decision.

Fashion World creditors have 25 days following the hearing to oppose the decision made in court.

Steve Richmond of Kaye, Fialkow, Richmond and Rothstein, counsel for the creditors, said that the final decision would probably hinge on the value of each bidder's stock, both as to market value and public demand. Creditors were planning to meet and discuss that point before the court hearing.

Initial bids from the 98-store Dress Barn and the 16-store Fashion Gallery division of Spencer Cos. were fairly close, according to Richmond, who added that the initial Dress Barn bid offered a slight economic advantage.

Dress Barn's offer for nine stores was valued at $1.1 million—20% of which would be made in cash, the rest in common stock.

Spencer Cos. (Fashion Gallery) was offering about $1 million in stock for 12 stores.

In both existing bids creditors would receive about 50% of their unsecured claims and Fashion World president Alan Stahler would remain as president for a trial period following the takeover—one year if by Dress Barn and two years if by Spencer.

(Continued on page 69)

Gold Circle, Richway Pool PL Efforts In Garb With Help of Parent Federated

By KAREN PAXTON

CINCINNATI—Sister chains Gold Circle and Richway recently pooled their efforts in private label apparel development with the help of parent company Federated Department Stores.

Two months after the goods landed in the stores, executives at both chains are calling the venture a success. They are planning to expand the program, which began with New Views, a private label assortment of casual fashions in misses sizes, launched in both discount chains this spring.

A 50% sell through within two weeks of the introduction prompted the discounters and Federated to aim for a broadened New Views program—with coordinate groups for plus-size women, juniors, men and children, said George Rubin, senior vp, soft lines, at Gold Circle.

Timing for the creation of casual private label separates in those classifications depend on how quickly Federated can hire additional fashion coordinators to orchestrate the programs from its New York buying office. Consultants for children's, men's and accessories are expected to be brought on in New York.

A Closer Look

Gini Monahan, the only fashion coordinator currently employed by Federated to consult with the discount divisions, was instrumental in developing the first phase of New Views, said Rubin.

She helped one buyer at each chain select the hottest-selling items and colorations; worked with marketing divisions on signing, labels and advertising; consulted with fixturing departments on presentation and coordinated the pool of resources (domestic and import).

The New Views concept represents two changes in Gold Circle's and Richway's approach to private label apparel:

—It marks the first time either chain tried a color-coordinated "grouping" of related separates under a private label.

—It also marks the first time the two discount divisions of Federated have ever offered identical private label merchandise.

"It's the way we should have been doing business all along," said Rubin, who calls the existing New Views assortment "our answer to Esprit."

The assortment is aimed at filling three major consumer demands, said Rubin: current fashion geared toward the misses consumer; "concept dressing" or creation of a grouping focused on one mode of dress—New Views is casual; and related separates, or a collection of interchangeable pieces that have more than one possible coordinate.

Introduced in April, the line includes some 50 sku's of 100%

(Continued on page 16)

CE SPECIALTY CHAIN CENSUS

CE Chains

(Continued from page 3)

existing four-state trading area.

More significant, however, is the chain's pending image change, expected to be unveiled within the next six months. While company officials wouldn't discuss specifics, the plan will incorporate advertising and merchandise changes designed to expand its demographic appeal to include an older and more affluent customer base.

In the Southwest, The Federated Group plans to open "at least" eight new stores this year, bringing its total to 28, with markets entries in the smaller California markets of Bakersfield and Sacramento.

But, the chain is already preparing a march into San Francisco next year, with Las Vegas targeted a little farther down the road.

Federated Group company officials predict their supermarket-sized stores will yield a 55% sales increase in the current year, bringing chain volume to $215 million.

In the meantime the company has begun a diversification effort with the creation of Specialty Retailing Inc.

Schaak Electronics more conservatively predicts a 23% gain in sales to bring total volume to the $80 million level. Three new stores are planned, including a market entry into Colorado, bringing its total to 60 stores.

Leading Electronics Discounters By CE Volume (Last Completed Fiscal Year)

Chain	CE Volume (millions)
Wards	303*
Silo	184
Pacific Stereo	170*
Highland Appliance	160
Federated Group	138
Crazy Eddie	82*
Luskin's	71*
CMC Stereo	71*
Schaak Electronics	65
Newmark & Lewis	65

*DSN estimate

Source: DSN Research

Expanded 1984 Directory Issued

NEW YORK—Chain Store Guide has released its 1984 Directory of Discount Stores/Catalog Showrooms, which contains several new features.

This year's directory includes up-front SMSA breakouts of company headquarters, divisions and regional offices, with store locations per state, arranged by SMSA and listed under the county in which they are located.

Chain Store Guide has also added a separate section on 200 major distributors servicing the consumer electronics industry. Also, the consumer electronics retail section was expanded to include listings for 1,900 companies operating 26,500 stores.

The directory is available at $155 from Lee Appel, Chain Store Guide, 425 Park Ave., New York, N.Y. 10022. Telephone: 212-371-9400.

CD-Player Biz Benefits From Software Rise

The sudden sales rise in compact disc (CD) players is attributable to the growing number of recordings that have become available, as well as to the falling hardware prices, which have brought the CD players down to the under-$400 mark. The 33-unit Tower Records chain has been steadily adding newly available titles to its software offerings, as shown in its New York store. In classical music alone, more than 250 different discs are currently offered. In other music categories, the CDs number from one-half to three-quarters of the cassette tapes currently available. The CDs have been merchandised on a prominent traffic aisle in the store. (DSN photo)

Get ready for the most exciting new anti-freeze brand in more than a decade.

At last you have a major, nationally advertised anti-freeze brand that can make you real money. Just consider the exciting potential that only STP Anti-Freeze/Coolant offers you—

- The fantastic consumer recognition of the STP brand.
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CE SPECIALTY CHAIN CENSUS

TV-Ad Use in 1983 Ballooned For Many Leading CE Chains

Nationwide DSN Report

Last year a group of the nation's leading discount electronics chains doubled their budget commitments to TV advertising, according to the Television Bureau of Advertising (TvB).

Among the group, Pacific Stereo was the heaviest TV advertiser, increasing its expenditures more than seven times, to nearly $4.6 million, the TvB reported.

While most chains reported overall increases in budgeted ad dollars, television's portion increased disproportionately, although it still hasn't reached a position of dominance. Most executives said print continues to be their primary advertising vehicle.

Still, television's rise has been attributed to the consumer electronics industry's rapid growth, fierce competition and to the successful use of the medium for the price-image messages by chains such as Crazy Eddie in New York and The Federated Group in the Southwest.

First to Third

Although Crazy Eddie increased its TV budget 8% to $2.6 million, the 12-store chain fell from first to third place among the heaviest CE television advertisers, according to the TvB-supplied research.

At The Federated Group, which moved into second, television advertising expenditures rose to an estimated $4.5 million, representing 46% of the chain's nearly $10 million ad budget last year. The chain more than tripled its TV commitment last year.

The trend toward greater use of television has also been spurred by the growth of the major chains in major media markets, where store clusters have greatly improved the medium's advertising efficiency.

But the markets don't always have to be major.

Long's Electronics, a seven-store Alabama-based chain that changed its name from Stereo Warehouse last April, has been running nearly 500 30-second TV spots weekly in the Birmingham and Huntsville markets, according to James Long, president. Additionally, the chain regularly sponsors college and professional pregame sports broadcasts.

The chain spent nearly $3 million on advertising last year.

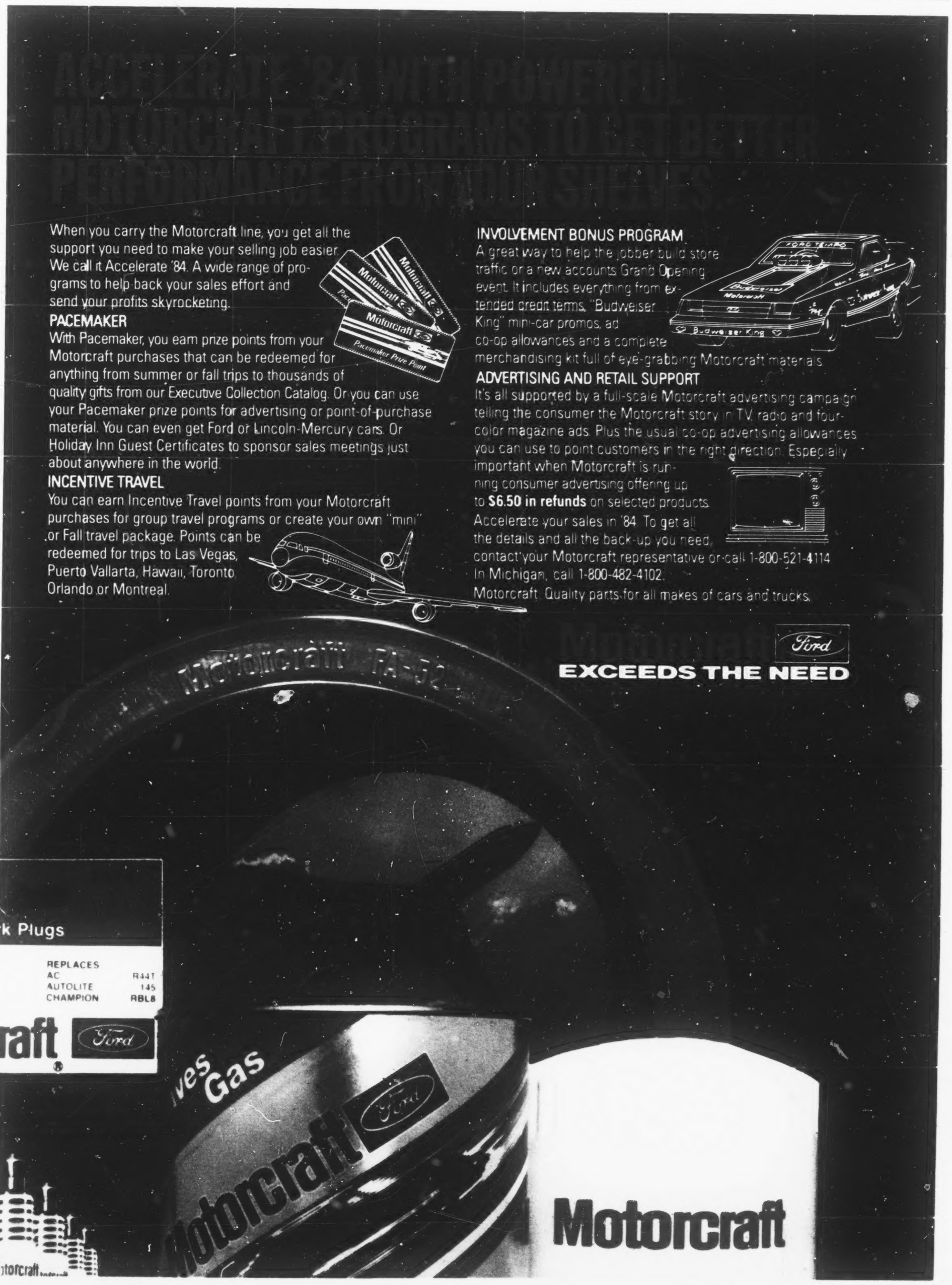
Specialty Discounters: TV Advertising

Rank 1983	Rank 1982	Chain	Total TV $ 1982	Total TV $ 1983	% Change
1	8	Pacific Stereo (Calif.)	536,900	4,564,500	+ 750.2
2	5	Federated Group (Calif.)	1,067,400	4,480,200	+ 319.7
3	1	Crazy Eddie (N.Y.)	2,407,800	2,600,700	+ 8.0
4	2	Long's Electronics Stereo Whse. (Ala.)[a]	1,623,100	2,018,700	+ 24.4
5	3	Circuit City[b] (Va.)	1,332,500	1,640,500	+ 23.1
6	—	Mad Jack's (Calif.)	40,100	1,388,200	+ 3,361.8
7	4	CMC Stereo (Mo.)	1,214,100	1,025,700	— 15.5
8	—	Video King (Ill.)	—	942,900	—
9	6	Downings TV/App. TV City (Silo) (Pa.)	1,046,300	869,100	— 16.9
10	9	Fred Schmid's (Colo.)	530,700	838,100	+ 57.9

Source: Television Bureau of Advertising from Broadcast Advertisers Reports data

[a]Reflects name change from Stereo Warehouse to Long's Electronics. Advertising data applies to retail stores only and does not reflect mail-order catalog business

[b]Data reflect Wards Co.'s East Coast operations operated under the Circuit City name only


When you carry the Motorcraft line, you get all the support you need to make your selling job easier. We call it Accelerate '84. A wide range of programs to help back your sales effort and send your profits skyrocketing.
PACEMAKER
With Pacemaker, you earn prize points from your Motorcraft purchases that can be redeemed for anything from summer or fall trips to thousands of quality gifts from our Executive Collection Catalog. Or you can use your Pacemaker prize points for advertising or point-of-purchase material. You can even get Ford or Lincoln-Mercury cars. Or Holiday Inn Guest Certificates to sponsor sales meetings just about anywhere in the world.
INCENTIVE TRAVEL
You can earn Incentive Travel points from your Motorcraft purchases for group travel programs or create your own "mini" or Fall travel package. Points can be redeemed for trips to Las Vegas, Puerto Vallarta, Hawaii, Toronto Orlando or Montreal.
INVOLVEMENT BONUS PROGRAM
A great way to help the jobber build store traffic or a new accounts Grand Opening event. It includes everything from extended credit terms, "Budweiser King" mini-car promos, ad co-op allowances and a complete merchandising kit full of eye-grabbing Motorcraft materials.
ADVERTISING AND RETAIL SUPPORT
It's all supported by a full-scale Motorcraft advertising campaign telling the consumer the Motorcraft story in TV, radio and four-color magazine ads. Plus the usual co-op advertising allowances you can use to point customers in the right direction. Especially important when Motorcraft is running consumer advertising offering up to $6.50 in refunds on selected products.
Accelerate your sales in '84. To get all the details and all the back-up you need, contact your Motorcraft representative or call 1-800-521-4114. In Michigan, call 1-800-482-4102.
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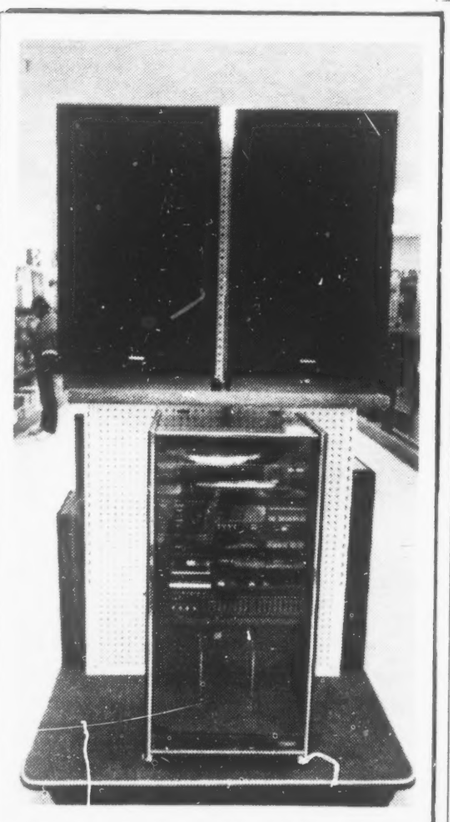

Rack Audio Gains

The still-growing popularity of rack audio, such as this $999 Fisher unit at Ann & Hope, Watertown, Mass., has made component audio universally available, at the same time blurring low, middle- and high-end distinctions. *(DSN photo)*

Buyers Look For Winners In License Field: Pp. 15-27

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LICENSING REPORT

Picking a License? Look For the Clout

Nationwide DSN Report

Toy buyers aren't charging consulting fees to their in-house merchandising colleagues but they are being used more and more as sounding boards, especially where licensing is concerned.

Usually barraged with the earliest and with the largest amount of licensed characters, toy buyers have learned to key in on several basic questions when choosing a license—

- Who's the prominent backer?
- What are the license's relatable applications?
- What is its time frame?

Several of the most popular action-figure licenses have exploded out of toy departments and are serving double duty on checkout endcaps, as in K mart's Rochester, Mich., prototype. *(DSN photo)*

First and foremost, according to almost every buyer interviewed, is trust and clout—who's behind the license and how much money will be spent on advertising and promotion.

"I want to know where the license is coming from. If there's a major greeting card company behind it, a movie, a TV show, whatever. Also, some manufacturers have excellent track records, some don't. I want to be sure that if a company says they're allocating $5 million for TV, it'll be there," said Bob Rudman, dmm, toys and sporting goods at Gold Circle.

Bob Lucas, buyer for Van Leunen's takes that one step further.

"I like to see the commercial for the license. It's very important to see how the commercial comes off, if it delivers the punch. A good commercial can make or break a product." But, he added, the license must be

(Continued on page 42)

More Chains Devise Techniques To Block Unfriendly Takeovers

Nationwide DSN Report

You can't have my company.

To give meaning to these words, a growing number of retailers have instituted measures to stop unfriendly takeover attempts.

The latest discounter to do so is G. C. Murphy, parent of Murphy's Mart, which has proposed two antitakeover amendments to its charter that are being strenuously opposed by two dissident shareholders.

The discounter's two antitakeover measures, which were to be acted on at its annual meeting, set to be held at presstime, make it more difficult to remove directors without cause and approve takeover or other business deals with shareholders that own more than 10% of the company's stock.

The dissident shareholders, Arveron Investments and its chairman, Arthur M. Goldberg, together already own 8.51% of Murphy's stock. The proxy statement and ads directed to stockholder, issued by Arveron and Goldberg, contend that the discounter already has sufficient antitakeover protection and the two new measures "may reduce Murphy's attractiveness as an acquisition candidate," give "a small minority" of shareholders (20%) the ability to block mergers and remove directors and "limits" or "deprives shareholders of an opportunity to sell their shares at a temporarily higher market price."

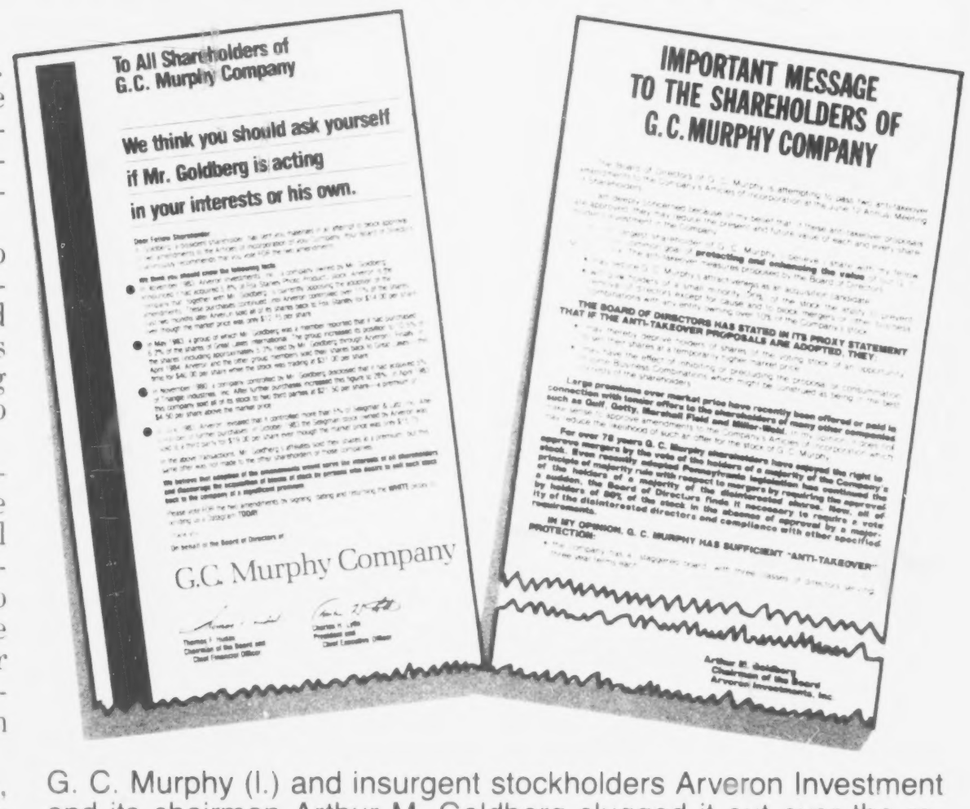
Goldberg and his representatives failed to respond to phone calls as to Arveron's plans or interest in Murphy. The proxy statement noted Arveron and Goldberg invested in the discounter at prices considered "to be favorable." The proxy statement and newspaper ads are the keys to soliciting support from other company shareholders. This effort includes employing a stock soliciting firm for $40,000 plus expenses, and paying for shareholder voting by mail or phone.

Murphy, in ads countering the dissident stance, contend that Arveron and Goldberg are really interested in positioning themselves to sell their holdings at a premium price that wouldn't be available to other shareholders, just as they have done in at least four other cases.

Murphy and Arveron are, so far, the only ones to contest retailers' proposed antitakeover measures. Defensive steps by other retailers have easily won stockholder approval during the past two years, however, even in situations where there wasn't any hint of a possible unfriendly takeover.

Strawbridge & Clothier, parent of Clover, was somewhat of an exception in that its antitakeover measures were triggered when one shareholder with 1.5% of the closely held stock of the family-controlled

(Continued on page 42)


To All Shareholders of G.C. Murphy Company
We think you should ask yourself if Mr. Goldberg is acting in your interests or his own.
G.C. Murphy Company
IMPORTANT MESSAGE TO THE SHAREHOLDERS OF G.C. MURPHY COMPANY
THE BOARD OF DIRECTORS HAS STATED IN ITS PROXY STATEMENT THAT IF THE ANTI-TAKEOVER PROPOSALS ARE ADOPTED, THEY

G. C. Murphy (l.) and insurgent stockholders Arveron Investment and its chairman Arthur M. Goldberg slugged it out over the retailer's proposed antitakeover measures, in *Wall Street Journal* ads.

DSN Digest
June 25, 1984

LICENSING REPORT

- **Buyers, searching for the** next hot licensed products, will generally bank on a combination of current favorites and future stars (pp. 15-27).

Apparel: Buyers use various formulas to pick winners. (p. 20)

Domestics: Juvenile merchandise is synonymous with licensing. (p. 16)

H&BA, Housewares: Licensing is a limited factor. (pp. 27, 18)

Stationery: A wider variety of licenses is due in chains' back-to-school mix. (p. 25)

Toys: Licensing is the industry's focal point.

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Catalogers to Keep CE in Their Books Despite Specialty Chains' Price Attacks

By BRENT H. FELGNER

Catalog showroom merchants are digging in against a flood of price attacks from market-dominant specialty consumer electronics discounters.

The catalogers are adamant, though, that CE prices and merchandise remain in their books. The category is just too big and important to be relegated to a not-in-catalog (NIC) assortment, they said.

"We'd never consider it," said Myles Weiner, general merchandising director, electronics, for Best Products. "Our electronics merchandise is just too critical to the creation of our overall price image—not just in this department—but crossing into others, too."

Best registered almost $400 million in CE volume last year, nearly 20% of the chain's total sales. The results at H. J. Wil-

(Continued on page 4)

CE remains a strong growth category at Best Products showrooms, such as this in Cerritos, Calif. In 1983 the first and sixth chainwide best sellers were VCR's. *(DSN photo)*

IN BRIEF

• **JAMES** Dismore, 46, was named president and ceo of Howard Brothers Discount Stores, a unit of Wickes Cos. He was exec vp and coo of W. E. Walker Stores. Before that, he was senior vp-sales, merchandise and operations at Rose s.

• **CALDOR'S FIRST ENTRY** into affluent Nassau County, New York, will be a 90,000-sq.-ft. unit in Levittown, slated to open in time for Christmas. The store will co-anchor—with a 50,000-sq.-ft. Foodtown supermarket—the 200,000-sq.-ft. Caldor Plaza.

• **BRADLEES HAS DECID-**ed to accept American Express chainwide, after testing the cards in 11 stores.

Auto Chains' Growth Plans Shift Into High

Nationwide DSN Report

Automotive chain executives are making no bones about their aggressive growth plans for 1984.

Flush with confidence after a strong 1983, and buoyed by the nation's increasing trend toward do-it-yourself car repair, the country's leading automotive retailers are projecting 11%-20% sales growth this year.

Growth will largely be pegged to stepped-up expansion plans at many chains; buildup of auto parts and private label volume, and courtship of the surging female market with better trained sales staffs, tighter merchandising and newly aggressive in-store fashion efforts.

At Crown Auto, the nation's 11th largest automotive specialty retailer, women now make up 15% of the customer base—triple its early 1980's count, said president Floyd Adelman.

Overall, the nation's top 10 chains, which logged an estimated $1.6 billion in sales last year, will be making market-share plays in 1984 throughout existing and contiguous markets. Entry into far-flung trading areas, like that planned by Whitlock executives, will be less common.

Retailers generally agreed their current markets haven't yet matured, and there's still significant room for growth. That picture is headed for change, however, as other classes of retailers step up their efforts to merchandise automotive supplies.

To stem this competition, and distinguish themselves from each other, automotive chains are stressing their specialty expertise and improving merchandising efforts.

For example, chains like The Pep Boys, No. 2 in the country, and Grand Auto, No. 4, are pitching bigger-ticket under-the-hood service business by experimenting with installation of rebuilt engines and transmissions. They're setting themselves apart from most retailers equipped with service bays, who are still limiting efforts to tire and battery installation and periodic engine maintenance.

Instead, the majority of auto chains are trying to meet the needs of America's DIYers by vastly increasing inventories of domestic and foreign engine parts, merchandising them more precisely and stepping up staff training on parts functions.

Lucky's automotive division vp-marketing Greg Trees summed up why retailers are

(Continued on page 32)

Leading Auto Chains Hit the Expansion Trail

Chain	Total vol. last completed fiscal year (millions)	No. of stores as of 1/1/84	Projected No. of stores by 1/1/85	Service Bays
Western Auto (Mo.)	$560[A]	2,556[A]	2,596	No
Pep Boys (Pa.)	306	124	140	Yes
Lucky Automotive Div. (Ariz.)	250[B]*	439	486	No
Grand Auto (Calif.)	140	84	84	Yes
Nationwise (Ohio)	92*	135	150	No
Al International (N.Y.)	100[C]	80	140	Yes
Whitlock (N.Y.)	75[D]	74	84	No
Steego (Fla.)	60[E]*	75	81	No
R&S/Strauss (N.J.)	40	43	50	Yes
Guarantee (Ind.)	37*	52	60	Yes

[A]Includes $165.4 million in sales from 216 company-owned stores and $395.0 million in wholesale sales to 2,340 franchised outlets.
[B]Includes sales from Kragen, Checkers, Honey and Statewide.
[C]Includes sales from Big 4 Automotive acquired in 1983.
[D]Includes sales from National Auto, Cal Auto, Strum Auto and Giant Auto.
[E]Doesn't include sales from Canadian operations.
*DSN Estimate.

Source: DSN research.

Projection For This Year

Pep Boys Expects to Open 16 Stores, Install POS Chainwide, Top $350M

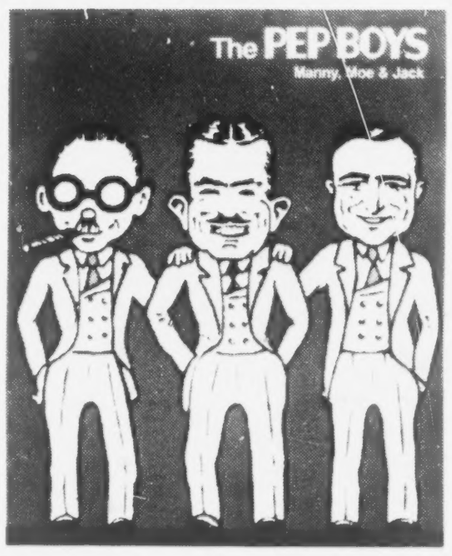
PHILADELPHIA—The Pep Boys—Manny, Moe and Jack—this year expects to open 16 new units, install a computerized point-of-sale system chainwide, and top the $350 million sales mark for the first time.

It's also considering a deeper move into service.

Last year, the locally based automotive specialty discounter exceeded $300 million in sales for the first time.

Sales in the fiscal year ended Jan. 31 went to $305,835,000, up 15.2% from $265,408,000, while net earnings rose 28.3% to $15,542,000 from $12,223,000.

This year, the chain—which offers service as a staple business with its average eight to 10 bays per store—is looking to broaden its offerings. Last month, it began a key test in 20 western stores of installing rebuilt engines and transmissions, something that few other



automotive specialty discounters offer, according to Scott Rosen, executive vice president.

During 1983, the 124-store chain spent $28 million to lay the groundwork for future store clustering in its mid-Atlantic markets and expansion into its existing western states.

Ongoing moves to support its expansion included last fall's opening of two new warehouses in New Jersey and Arizona; completion this year of the chainwide installation of a new computerized inventory tracking system, now in 30% of its units; debuting of a new uniformly produced national television advertising program this fall, and speeding up of the adoption of a centralized national buying program.

This year, the chain will open 15 new units on both coasts, according to chain president Benjamin Strauss. In the East, the specialty discounter will open several 20,000-22,000-sq.-ft. units in Pennsylvania, New Jersey, Delaware, Virginia, the District of Columbia and Maryland, where a 21,000-sq.-ft. unit bows this month in Glen Burnie.

At the same time, the chain—which operates two divisions, based here and in Los

(Continued on page 31)

Lucky Adding 47 Auto Stores In '84, Widening Product Mix

PHOENIX—A 10% expansion in new units, broader merchandise offerings and a stepped-up retail sales training program are major components of Lucky Stores' bid to increase its retail automotive potency throughout its 16-state market.

Lucky is closing in on the 500-store mark and should pass it by early 1985. Its automotive division includes Kragen, Checker, Honey's and Statewide stores. They range in size from 3,500 to 9,000 sq. ft., and share a central administration and buying staff.

During 1984, Lucky will open 65 stores and close 18, bringing its retail automotive store count by year's end to 486. These plans exceed last year's pace slightly, when Lucky upped its automotive stores from 400 to 439.

By restricting expansion to existing markets, Lucky picks up advertising and distribution efficiencies as "we mature the markets we're in," said vp-marketing Greg Trees. The division can apparently maintain this strategy for some time since "distribution facilities are not operating near capacity, and no modernization is currently planned," according to Trees.

Growth in new stores, which is financed by Lucky's corporate capital expenditure budget, combined with improved merchandising efforts, is expected to generate 12%-16% sales gains in the fiscal year ending next Jan. 29, predicted Trees. That, according to *DSN* estimates, would place its sales at $287 million, up from $250 million in fiscal 1983.

Lucky doesn't report its automotive division's results separately—beyond noting in its annual report that same-store sales rose 11% last year only because of heavy "promotional gross margin reductions." Slack automotive earnings contributed to an 8% overall decline in Lucky's specialty retailing group, the company reported.

One major effort meant to reduce dependency on extensive

(Continued on page 31)

45% More Stores Due Over Next 3 Years

Venture Centralizes Apparel Buying at Its HQ

ST. LOUIS—Venture is centralizing its apparel buying offices as it gears up to expand store count by more than 45% during the next three years.

Ladies' clothing, accessories and children's wear buying offices of the 55-unit chain are currently being moved from New York City to chain headquarters here.

As a result, all the senior vp/gmm's of ladies' wear, children's wear and shoes will for the first time report to Maxine Clark, executive vp of marketing. A former buyer of budget apparel for parent May Department Store's Hecht's division, Clark spent four years as manager of merchandise planning at corporate headquarters before joining May's discount division in 1980 in her current position.

The relocation of Venture's apparel offices comes as the chain strives to hit $1 billion in volume for 1984 and proceeds with a plan to open an additional 25 stores by the close of 1987.

Once the move is completed late in September, relocated buyers will be a car ride; rather than a plane trip away from the stores they serve.

"We did it to get buyers closer to our consumers," said Clark, who was in New York to help orchestrate the relocation process. For her, the change will mean "commuting for a while," but the added challenge of directing all of the chain's apparel.

Previously, only shoe and jewelry merchandisers stationed in St. Louis as well as all marketing personnel reported to Clark. The gmm stationed in New York reported to Julian Seeherman, president and ceo of the chain.

A few months ago, Carolyn Watts announced her plans to resign as senior vp/gmm of the ladies' and children's wear divisions in New York. In response, the chain announced its plans to move those offices to St. Louis.

Watts has subsequently been replaced by Doug Lamm, who will be in charge of shoes and jewelry as well as ladies' clothes and ladies' accessories. Lamm had been merchandise administrator at Davison's in Atlanta; before that he was a dmm at May's Hecht's division.

Personnel Changes

Other personnel changes announced recently included the promotion of George Needleman to senior vp of men's, boys' and children's wear from dmm of men's and boys' wear. In addition, Thomas Gent was promoted to vice president of advertising from divisional vp/advertising manager. He will continue to oversee the chain's print and broadcast ads.

Although Watts' resignation brought the idea to fruition, centralizing apparel buying had been under consideration at Venture for some time, said Clark.

"It's the way all the department stores and even Target—which, like us, has no stores in the New York area—run their businesses.

"It makes communication [between buyer and store and buyer and management] easier and quicker. It also keeps us from having to duplicate costs like housing buyers and setting up computers," Clark explained.

Monetary savings from the move will only be slight, she added. The relocated buyers will have to travel to New York about once a month, which is the same schedule followed by buyers already stationed in St. Louis.

Other benefits in having all the buyers in headquarters are not measured in dollars and cents. For one thing, advertising will be easier to coordinate since the apparel and jewelry buyers will both be on hand to put the right accessories with the right garments.

In addition, all buyers will be able to compete for more positions. A hard lines assistant buyer, for example, will have a chance to move into the fashion apparel side without having to relocate.

The existing facilities in St. Louis will be a little cramped at first, but Venture headquarters personnel will be moving to a larger office building in St. Louis late next summer.

Store expansion for the chain is currently on the upswing following a hiatus from 1978 to 1982. Last year the chain opened four stores. This year, Venture will increase that rate with six unveilings.

Four stores opened in March, including single-unit entries in two new markets: Fort Smith, Ark., and Topeka, Kan. This fall, two more openings are planned, in Cape Girardeau, Mo., and Champaign, Ill.

That leaves another 23 slated to open before the end of 1987, according to plans announced earlier by The May Co.

DISCOUNT AUTO CENSUS

Crown's Goals: $100M Biz, 100 Stores by Early 1990's

EDEN PRAIRIE, Minn.—Accelerated store expansion, revamped merchandise layouts and a new private label parts program are driving forces behind Crown Auto's bid to become the dominant automotive retailer in the five Upper Midwest states.

Crown's stated goal is to become a $100 million, 100-store chain by the early 1990's.

Crown's first-quarter 1984 sales gained 19.1% to $6.4 million, as the chain cut its net earnings loss for the first quarter of 1983 by 48.3% to $76,000. Chain officials called its weather-induced first-quarter loss "traditional," and further noted that gross margins rose to 48.5% from last year's 46.9%.

Crown, which recorded its fourth straight year of sales and net earnings gain in fiscal 1983, is "performing about 19% ahead so far in 1984," said Floyd Adelman, president since his promotion in March.

This year's sales should range "between $35 million and $40 million," he said, following 1983 when 46 stores generated $32.8 million in sales and $707,000 in net earnings.

More Stores

Crown, which started fiscal 1984 with 50 stores, will open five 4,000-sq.-ft. units this year including its first in North Dakota. This 10% expansion in stores compares with Crown's historic one- or two-store-a-year pace and four openings during 1983.

Crown is currently restricting expansion to within 300 miles of its Eden Prairie warehouse, which the company said has the capacity to service up to 95 stores. Last year, Crown sold its Interstate Automotive Products division, which included most of Crown's mail order and wholesale operations and four stores in California.

Adelman conceded that "excessive promotions" last year prompted a chainwide drop in overall gross margins from 44.9% to 43.4%. "We're looking to increase them by 10% in 1984," he added.

Crown will be able to boost margins and overall parts category performance by expanding its EMCO private label parts program, which it introduced last year, Adelman said. Sales of parts included in the extensive line have already jumped 25% because of lower prices and superior warranties, Crown contended.

Crown is expanding its overall inventory in parts, "though we're concentrating on domestic parts because only 17% of Minnesota car registrations are on foreign cars," said Adelman.

Setup Is Refined

Crown has also recently begun displaying carburetors, tuneup kits, filters, gaskets and pumps on focal point walls, said Adelman, as it moved fashion accessories and seat covers into less visible center gondolas. Tailpipes and mufflers are now displayed in windows.

In addition, Crown advertisements now group parts rather than highlight, say, just a water pump at a price. Since Crown increased depth with its EMCO line, the chain gained this flexibility and is able to boost tie-in sales of higher-margin products, Adelman added.

The chain's expansion of service bays ties into many of the same trends that are fueling its move toward parts: aging cars on the road, the high cost of repairs at car dealerships and gas stations, and recognition that people are do-it-yourselfers only to a certain degree, said Adelman.

Crown stores opening this year will have five bays each where mechanics "do everything except transmissions and going inside the engine," noted Adelman. Five far exceeds the two bays in most older stores, but is on par with retail units opened in 1983.

Last year, service sales from 45 stores equipped with bays rose 16.6% to account for 11.3% of chainwide volume.

Growth Plans

(Continued from page 3)

stressing parts today: "There's nothing the average person deals more with and knows less about than cars. The longevity of cars, the expense of repairs and the price of new cars are driving shoppers to auto specialty stores for help with do-it-yourself efforts."

Automotive retailers cite the aging of cars on the road, now up to 7.2 years average, and eased gasoline prices, which spur more driving, as contributors to heightened DIY repair activity. This trend provides a strong foundation for specialty chains, from which they're looking to build in many ways.

Promising Area

Steego Parts president Robert Lawton is honing in on auto body paint sales because "there's a lack of good, consistent supply in the marketplace, and knowledgeable people to sell it." More than half of Steego's 75 domestic stores sell paint, including 13 with exclusive paint sales counters and staffs, and some freestanding paint stores.

Paint, which now contributes 15% of chain sales, will be pitched more strongly to DIY-ers and body shop painters, who, reasoned Lawton, "paint for friends on the side, and could recommend us as a general automotive retailer to the people they know. It all leads us back to the sale of auto parts."

A Closer Look

R & S/Strauss is reinforcing its emphasis on hard parts, which account for 40% of chain volume, by increasing sku's in foreign parts. Yet president Donald Schlenger cautioned against a "credibility problem retailers face when they sell parts without the knowledge to back it up."

That's why R & S/Strauss and others like Lucky and Crown are re-emphasizing sales training efforts. At Lucky, this step parallels a doubling of sku's in its Checker stores from 3,500 to 7,000.

Sixty per cent of the inventory expansion is in auto parts—three-quarters domestic and one-quarter foreign. To train store staff about new parts and accessories, and the use of specification books, Lucky has eight regional trainers covering 60 to 90 apiece. The educational program has already produced add-on parts sales gains of "more than 10%," said Lucky's Trees.

DISCOUNT AUTO CENSUS

Parts Stores Soar to 38,000 From 1980 to 1983: APAA

LANHAM, Md.—A 33% surge in the nation's auto parts stores—to 38,000 in 1983—dramatically countered retailing's overall contraction since 1980, and has intensified competition in the crowding field.

Expansion into automotive specialty sales by diversified retailers like Lucky Stores, Perry Drug and Malone & Hyde accounted for the majority of the 9,400 unit increase, according to a recent survey by the Automotive Parts & Accessories Association. In contrast, retailers nationwide shuttered a total of 58,000 stores during the three-year period, reflecting the tight economy, the association added.

Among retailers nationwide, the share of stores selling auto parts edged upward to 30% last year from 29% in 1980, the APAA's Foundation for Aftermarket Industry Research new study of automotive product retail distribution also found.

Service stations fell from 158,000 to 136,600 in 1983, prolonging a trend begun last decade, as tire stores and new car dealerships also declined, the report said.

Adding It Up

Yet, the number of specialty repair shops such as tune-up and quick lubrication centers, drug stores and independent garages selling car parts and products showed the greatest proliferation through 1983, the study added. They've positioned themselves to benefit from consumer buying pattern shifts toward specialized assistance with their cars.

For instance, 30% of drug stores sell automotive products today, a 12% rise during the past three years, said the APAA. Meantime, discount, hardware and grocery stores recorded just "slight increases in the number handling automotive lines," the APAA added.

Retailers weren't yearning to sell all automotive categories—as shown by the broad-based abandonment of tire sales "to outlets equipped for installation," said the APAA. For example, the share of auto parts stores selling tires dropped from 38% to 34%, the number of tire dealers nationwide fell by 2,600 and retailers selling tires dropped by nearly 17,000 between 1980 and 1983.

Showing contrasting popularity, automotive chemicals retained their No. 1 spot as the most widely distributed automotive products. In 1983, they were available in 482,400 outlets, or 93% of all auto product retailers, the APAA said.

The greatest growth among sellers of car products occurred among intermediate-line outlets, described by the APAA as merchants of one or two product categories from a list of chemicals, engine parts, tires, heavy parts and safety/comfort/sound equipment.

Full-line stores, which sell at least three automotive categories, slipped from a 43.4% to a 41.5% share of the nation's car products outlets, mainly due to the large drop in service stations, the report noted. Specialty stores and many discounters come under the full-line category.

% of Retailers Selling Auto Items

Store type	1980	1983
All types	29	30
Auto parts/ Tire stores, New car dealers	100	100
Discount stores	99	97
Service stations	95	95
Hardware stores	61	61
Grocery stores	50	53
Dept. stores	50	45
Variety stores	34	35
Drug stores	27	30
Other outlets	3	2

Source: Automotive Parts & Accessories Association

No. of Outlets Selling Auto Products

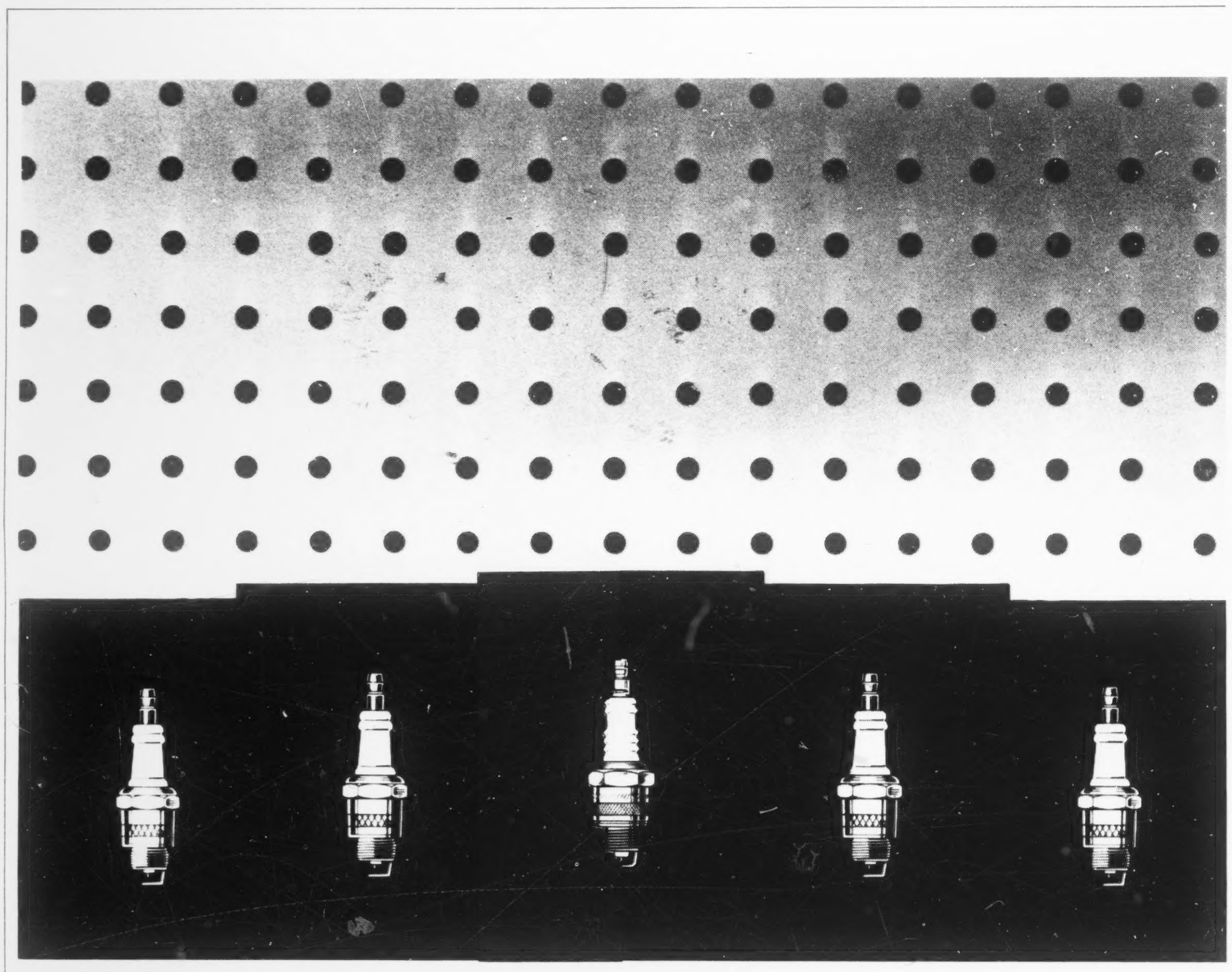
Store type	1980	1983	% change
Auto repair and service outlets other than service stations	137,800	156,400	+17
Service stations	150,100	130,100	−13
Grocery stores	83,600	85,100	+ 2
Auto parts stores	28,600	38,000	+33
New car dealers	29,800	26,700	−10
Hardware stores	17,800	18,200	+ 2
Drug stores	13,400	15,000	+12
Tire stores	14,800	12,200	−18
Discount stores	6,900	7,000	+ 1
Variety stores	5,900	5,300	−10
Department stores	2,700	2,500	− 7

Source: Automotive Parts & Accessories Association

Women Purchase Third of All Tires

DETROIT—American women are now the primary maintainers for 2 out of every 5 cars, and buy more than one-third of all automotive tires, according to a recently released report by the Newspaper Advertising Bureau (NAB).

According to Val Corradi, NAB vice president for automotive marketing, women account for a significant and growing share of revenues for tire manufacturers, dealers and installers, and the trend appears to be growing.



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You don't have to be a race car driver to know that no plug gives you faster turns than Champion. It's the number one spark plug, according to a nationwide survey of discount store managers.*

National brands rate– with you and your customers.

Especially national brands with a long history of dependable performance. When it comes to spark plugs, that means Champion. No one knows that better than your customers.

Copper Plus– the champion of Champion.

Recently, we've been telling your customers about Copper Plus®–the best spark plug Champion has ever made. It's designed to deliver up to twice the fouling protection of ordinary plugs. It comes in the familiar red and black box with the words "Copper Plus" clearly printed under the spark plug number.

The Champion Copper Plus line covers virtually every import and domestic car on the road today. And it provides that coverage with fewer SKU's than ever before.

Fewer SKU's. Lower line cost. And a long history of customer satisfaction. We think you'd rate us Champion even if that weren't our name.

*Discount Store News First Annual Top Brands Survey.

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CONSUMER ELECTRONICS SHOWS

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Andrew Lewis Robert E. R. Huntley Bernard Cohen

Best Restructures Its Top Management

RICHMOND—Best Products at presstime was due to promote Andrew Lewis to board chairman and chief executive officer and Robert E. R. Huntley to president and chief operating officer as part of a major restructuring of its top management.

The other key change was the hiring last month of Bernard Cohen, president of Consumers Distributing (U.S.), to head up the Best retail group composed of seven catalog showroom chains and two specialty store operations: Best Jewelry and Ashby apparel stores.

The company also revealed it made an outsider takeover more difficult by making a change in its bylaws and by instituting a "golden parachute" severance agreement with about 40 top officers.

Lewis, 38, will succeed his father, Sydney Lewis, 64, who cofounded the company 27 years ago with his wife, Frances. Huntley, 54, takes over Andrew Lewis' previous post.

Cohen, 41, fills a newly created spot, executive vice president and president of the new, all-encompassing retail group. The company's other operation is Bidnet, a service that provides information to contractors for bidding on Federal, state and local government projects and which has no material impact on Best's sales and earnings.

Best this year is set to open at least eight new showrooms, including its first two in the Greater Milwaukee market, and 14 Ashby's, with an undetermined number of Best Jewelry units also planned.

The management restructuring, along with the measured, steady growth in showrooms and fast-track expansion of Ashby's that will double that chain's size to 30 stores, are part of Best's efforts to improve

(Continued on page 70)

K mart Financial-Service Plunge Furthers Banking-Field Changes

By ARTHUR MARKOWITZ

TROY, Mich.—K mart has started to move into the financial services area in a big way.

In the process, K mart is helping to further erode the barriers that limit banks to operating in one state and that set them and their functions apart from other financial services.

A key aspect of K mart's move was adding certificates of deposit (CD) and money market accounts through a groundbreaking arrangement with a local bank to the insurance services that had been the mainstay of its efforts for the past few years.

The discounter will expand its financial services from 21 stores in Texas and five in Florida at the start of the year to as many as 95 in the two states by the end of the year as the prelude to a Sunbelt regional rollout in 1985 of a program K mart has contemplated for about five years.

John Hartman last month was named to head the program as assistant treasurer for financial services. He had been one of the corporate financial analysts who helped develop the program under Robert E. Brewer, executive vice president, finance.

K mart tested the banking services earlier this year in three Florida stores. Last month it started to offer CDs and money market accounts in Texas in three Fort Worth stores.

K mart is acting as a "finder" for the Troy, Mich.-based Standard Federal Savings and Loan, which actually issues the CDs and money market accounts.

K mart and bank officials believe it is the first such arrangement in the nation. The discounter just processes the forms and payments for the bank, receiving a fee that neither party would disclose.

It enables the $5 billion-in-assets Standard Federal to extend some of its banking services from just Michigan to two other states. At the same time, it allows K mart's wholly owned subsidiary, K mart Insurance Services, for the first time to offer banking services in its insurance centers.

When K mart first offered the two savings accounts in discount stores in Margate, Fern Park and St. Petersburg, Fla., the state's comptroller attempted to block the effort and obtained a temporary restraining order that was later lifted by a Leon County Circuit Court judge. The Florida court ruled that the offerings were legal.

The Florida comptroller's action points up the disarray in Federal and state banking laws.

On the Federal level, the Glass-Steagall Act, passed in the Depression, separated the financial industry into specific businesses which couldn't offer any financial services provided by the other : banking, insurance and brokerage. The states, meanwhile, have long had laws that prevented out-of-state banks from operating within their borders.

Technology, especially the computer, along with changes in the nation's economic infrastructure, led to breaches in the Federal and state barriers. Standard Federal, for example,

(Continued on page 69)

K marts Remain Key To Growth: Leftwich

TROY, Mich.—"The great future of the company still lies within those four walls of K mart stores."

This was how K mart president and chief operating officer Samuel G. Leftwich viewed the company's future and speculation about the impact that diversifications such as the move into financial services would have on the $18.5 billion discounter.

"Even if we were to make an acquisition of a $1 billion company, that would only be 5% of sales, so that with the base such as it is, any future major growth of the company still lies within the four walls of the discount stores."

A K mart veteran, Leftwich has been president and coo since January 1981. He has been a senior vice president, personnel and employee relations, and director of food operations. He served in various merchandising and administrative posts in K mart's Western region from 1966 to 1971, including assistant regional manager. During Leftwich's tenure in the Western region, that area was headed by Bernard M. Fauber, now K mart chairman and chief executive officer.

(Continued on page 69)

"What we are doing this year [installing modular presentations] is the biggest change, in my opinion, that any retailer has ever made."
—Samuel C. Leftwich, president, coo, K mart

DSN DSN

Digest

June 11, 1984

CE TECHNOLOGY UPDATE

• **Innovative CE products are** reaching the mass market faster than ever (p. 27). Other articles in *DSN*'s CE Technology Update Supplement (pp. 27-42) include discussions of mobile cellular phones (p. 30), high-end computers (p. 32), compact disc and higher-end rack systems (p. 36), and video innovations (p. 38).

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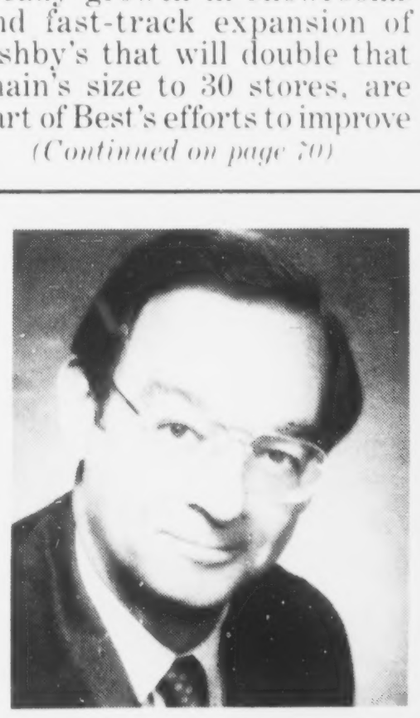
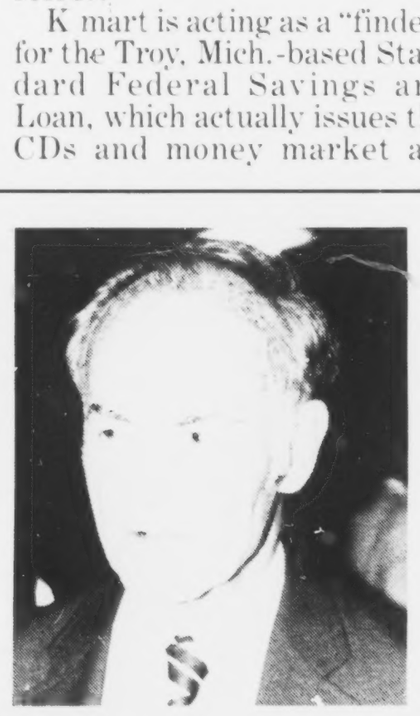




IN BRIEF

MALCOLM SHERMAN (LEFT), PRESIDENT OF ZAYRE, and John Geisse, founder of Target and Venture and currently head of The Wholesale Club, will be honored at *DSN*'s seventh annual SPARC Awards banquet on Aug. 12th in Chicago (see story page 2). Sherman was voted Discounter of the Year; Geisse will be inducted into the Discounting Hall of Fame.

CRAZY EDDIE, THE 12-UNIT NEW YORK-BASED CE chain, has launched a bid to go public. At presstime, the chain was poised to file an SEC registration statement with an initial offering of two million shares, 700,000 of which will come from principals, including Eddie and Sam Atar.

Chains' New Controls Brake Escalating Travel Expenses

By AL HELLER

Discounters and catalogers are applying new control tactics to help put the brakes on escalating travel costs.

Rather than cut back on their number of store, buying or trade show trips, retailers are establishing an array of programs and policies to bolster trip productivity and trim expense.

Best Products, the nation's leading cataloger with stores in 27 states, formed an in-house travel agency.

Gold Circle went on-line last month to an outside travel agency, airline, hotel and car rental companies.

Ames and ALCO rely more on company planes than scheduled commercial flights because of travel frequency to their far-flung markets.

Gaylords stresses advance planning to maximize use of available promotional fares.

H. J. Wilson monitors its company travel through consolidated activity reports provided by its outside travel agency.

No one considers grounding executives.

"Trips are critical. They're the lifeblood of our chain," said ALCO vp-soft lines merchandising Glen Shank.

"You can't sit in the office and know what's going on," insisted Joseph Nusim, Gaylords executive vp.

At Richmond, Va.-based Best Products, an in-house travel agency is expected to save the firm $300,000 in 1984 travel costs; $250,000 of that should materialize from more consistent use of promotional air fares; $50,000 will result from Best's ability to negotiate lower hotel, motel and automobile rental rates because of its volume buying.

"It more than pays for itself," said Joe Anderson, director of

(Continued on page 70)

Best's In-House Travel Agency Seeks Annual $300G Savings

RICHMOND—Best Products' expense control measures call for greater travel cost reductions in 1984, without any cutback in the amount of store visit, buying or trade show trips.

Goals for the nation's largest cataloger include paring 7% from hotel costs per day, 8% from car rentals, and a 10% boost in the number of Super-Saver and promotional airfares booked, said Joe Anderson, director of corporate administration.

That would result, he said, in annual travel cost savings of $300,000: $250,000 by booking half the company's flights at promotional rates, and the rest from lower negotiated hotel, motel and car rental rates.

Clearly, Best's in-house travel agency is working toward the objectives: 73% of March air travel was at reduced fares, and Best just agreed to a Budget Rent-A-Car package that slashed car costs 12%-15%, he said.

The agency, established in August 1982, took nine months to run smoothly, Anderson said, until a staff of three former travel agents jelled. Best has just begun to track savings, though Anderson feels the effort more than pays for itself.

Best sought greater control and sensitivity to low rates than

(Continued on page 70)

Ames: Remodeling, Remerchandising To Help Up Biz, Net 20% in '84, '85

NEW YORK—Ames Department Stores is making changes in its operations to spark what it anticipates will be 20% yearly gains in sales and earnings during 1984 and 1985.

The 170-store discounter will continue its expansion into contiguous Northeastern markets to move toward these goals, as it works to strengthen same-store productivity by:

—tripling its remodeling pace;

—spending $8.5 million on distribution center improvements;

—tightening planogramming and fixturing;

—revamping advertising;

—upgrading apparel merchandising;

—pricing more competitively on key identifiable items;

—increasing the use of its zip code sales tracking system and store-level microcomputers.

Chairman Herbert Gilman and president Gerald Kanter outlined those directions to a security analysts meeting in New York recently. They said half the growth would come from existing stores.

Ames on April 28 ended a record first quarter that reflected the impact of its remerchandising and remodeling efforts, along with results from 42 King's stores acquired last spring. Same-store sales rose 22% over the year-earlier quarter, which is "above target," said senior vp-administration and finance Ralph Shulansky.

Apparel sales rose 23.7% and hard goods 23.1% as leased footwear and food service departments lagged, said Gilman. It was the first time that apparel gains outpaced hard goods, he added.

Chainwide during the quar-

(Continued on page 69)

"Our remodeled King's stores in densely populated areas are our highest volume, most profitable units—running at a $6 million annual pace apiece in the first quarter and exceeding expectations by 50%." —Herbert Gilman, chairman, Ames.

Carl Bennett (center), founder and now former chairman of Caldor, was inducted into the discounting Hall of Fame at the 1983 SPARC Award banquet.

In 18 Categories

73 Mfrs. Nominated For SPARC Awards

NEW YORK—The nominations for *Discount Store News'* seventh annual SPARC (Supplier Performance Award by Retail Category) Awards are in. (See editorial, page 6.)

Seventy-three manufacturers in 18 product categories were nominated in a poll of the discount industry's buyers. Buyers judged the suppliers on a variety of criteria including advertising support, product quality, packaging, service and delivery capabilities.

First-, second- and third-place winners in each category will be announced at the annual SPARC Award banquet on Aug. 12 at the Grand Hyatt Hotel in Chicago.

Following is a list of the nominees. (The number of nominations varies in some categories because of ties in the first balloting.)

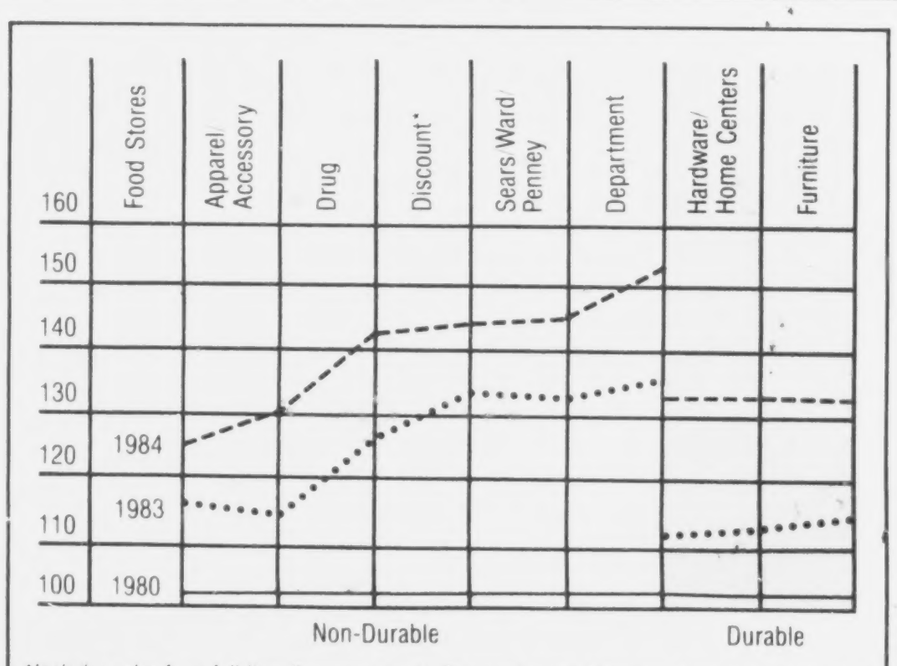
SPARC NOMINEES

Automotive: Kraco, Lee Filter, Sagaz Industries, Turtle Wax, Vatco Seat Cover
Children's Apparel: Garan, Gitano, Kendall/Curity, Stevens International
Consumables: Hershey, Leaf, M&M/Mars, Procter & Gamble
Consumer Electronics: Emerson, General Electric, Panasonic, Samsung, Soundesign
Domestics: Burlington, Louisville Bedding/Reed, St. Mary's/Fieldcrest, West Point Pepperell
H&BA: Chesebrough Pond's, Clairol, Gillette, Helene Curtis
Hardware: Black & Decker, Glidden, Hirsch, Newell
Housewares (nonelectric): Anchor Hocking, Corning, Rubbermaid
Jewelry: Advance Watch, Dalow, Princess Pride, Timex
Ladies' Apparel: Gitano, Lee, Playtex, Wrangler
Lawn & Garden: Anchor Swan, Arnold Industries, Colorite, Ortho, Structo
Men's Apparel: Garan, Hanes, Lee, Network Ind., Oxford Industries, Sigallo, Wrangler
Personal Care: Clairol, Conair, Norelco
Photography: Keystone, Kodak, Polaroid
Small Electrics: General Electric, Hamilton Beach, Norelco
Sporting Goods: Academy Broadway, Coleman, Diversified Products, Franklin
Stationery: Esselte Pendaflex, Mead, 3M
Toys: Fisher-Price, Hasbro, Mattel, Schaper

% of Retail Activity by Type of Business

TOTAL IN DOLLARS	1984 1st Quarter (In millions) $150,509	1983 1st Quarter (In millions) $137,150	1980 1st Quarter (In millions) $113,803*
DURABLE GOODS STORES	%	%	%
Hardware/home center (building materials, hardware, garden supplies, mobile home dealers)	9.8	9.1	9.8
Furniture, home furnishings and equipment stores	8.8	8.3	8.8
NONDURABLE GOODS STORES			
Food	43.6	44.9	46.0
Discount	10.9	11.1	10.0
Apparel/accessory	8.5	8.4	8.6
Drug	6.7	6.7	6.3
Sears/Ward/Penney	6.4	6.4	5.8
Department	5.3	5.1	4.6

*Does not equal 100% due to rounding. †Includes sales from full-line discount stores only
Source: Lebhar-Friedman Research and Dept. of Commerce



*Includes sales from full-line discounters only Source: Lebhar-Friedman Research and Dept. of Commerce

L/F Unveils 1st Quarterly Retail Index

NEW YORK—In a record first quarter, where total sales of the major retail sectors topped the $150 billion mark for the first time, full-line discount stores dominated the market, accounting for 10.9% of all general merchandise sales, according to the L/F Retail Sales Index.

Department stores, however, posted the largest gains on the Index, moving ahead 17 points, to 153, over the same period a year ago.

The L/F index was developed by Lebhar-Friedman, publisher of *Discount Store News*, with 1980 sales as the base (100). Auto sales are excluded.

The index, which will be reported on a quarterly basis, represents the net change in adjusted estimated quarterly retail sales. (The Consumer Price Index rose 22.4% between the first quarter of 1980 and the same period of 1983, and 28.1% between the first quarter periods in 1980 and 1984.)

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Giants Evolving Among CE Discount Chains

Nationwide DSN Report

Specialty consumer electronics discounters haven't just found a niche in the marketplace—a convincing argument could be made that they've completely *reshaped* it to their liking.

In the process, a number of chains are on their way to becoming giants in the industry, extending their market dominance strategies to regional dominance. There's already some speculation concerning the emergence of the first national CE chain—other than private-label-dominated Radio Shack—possibly before the end of the decade.

Wards, which operates Circuit City, Lafayette and leased departments in California discounter Zodys, expects to near the half-billion-dollar mark in sales this year—a projected 40% gain over last year's sales. Helping it to that level will be the opening of 15 new stores and a market entry into Atlanta.

The planned opening of a new distribution center in the Georgia capital will give it access to the rest of the South—the four Gulf Coast states.

Silo expects a 38% sales gain this year, pushing its volume to $380 million. The chain also plans the opening of 35 new stores—many of them 60,000-70,000-sq.-ft. "warehouse" operations, conforming to the company's newly developed prototype.

In the process, Silo will enter Kansas City, upstate New York and the Pacific Northwest.

Pacific Stereo's anticipated 18% sales gain this year will push it to the $200 million mark. After two static years, during which the chain was sold by CBS to Burke Mathes, Pacific will open five new stores in its

(Continued on page 55)

Leading Electronics Discounters

Chain	Chain Volume[a] (Mill. $)	Number of Stores 1/83	1/84	1/85	Avg. Store Size (Sq. Ft.)	Other Mdse. Carried[b]
Wards (Va.)	357	101	98	113	3,600	Computers, Major Appliances
Silo (Pa.)	275	56	72	107	12,000-70,000	Major Appliances
Highland (Mich.)	270	19	25	31	n/a	Major Appliances
Pacific Stereo (Calif.)	170*	83	82	87	4,600	Computers
The Federated Group (Calif.)	138	15	20	28	23,100	Computers
Newmark & Lewis (N.Y.)	100	21	24	27	10,000	Computers, Major Appliances
Luskin's (Md.)	95*	19	23	24	10,000	Major Appliances
Crazy Eddie (N.Y.)	82*	10	12	13	7,100	Computers
CMC Stereo (Mo.)	71*	57	57	57	3,500	
Schaak Electronics (Minn.)	65	56	57	60	2,900	Computers

[a]—Last Completed Fiscal Year [b]In addition to the five categories of audio, video, TV, telephones and car stereo. All chains listed carry at least those five except CMC Stereo, which just has audio, TV and car stereo.
n/a—Not Available
* DSN Estimate
Source: DSN Research

Wards Eyes $500M Sales in '84, Sparked by 15 Store Openings

RICHMOND—Wards, the nation's largest consumer electronics specialty discounter, has set its sights on a half billion dollars in sales this year fueled by 15 new store openings.

The slated openings include four units in an Atlanta market entry: three Circuit City Superstores (30,000 sq. ft.-40,000 sq. ft. gross) and one smaller Circuit City Store (4,000 sq. ft.-7,000 sq. ft. gross). When combined with the planned opening of a new distribution center there, Wards is positioning itself for market dominance as well as for a march through the rest of the South, including entries into Florida, Alabama, Mississippi and Louisiana.

"We go after a market dominance—market share strategy," said Lawrence A. Wolfson, assistant treasurer. "We would rather dominate a smaller area of the country than be spread out all over. But most of our [expansion in existing markets] will be completed this year."

Wards currently operates 98 units in 12 states, principally in the Southeast. Its influence also extends to New York and New Jersey, however, through its ownership of Lafayette Radio Electronics (11 stores with three more planned this year), and to California and Nevada where it operates 41 leased departments at full-line discounter Zodys.

The chain produced $356.7 million in sales for the fiscal year ended Feb. 28, a 45% gain over the previous year. Net earnings rose 300%—to $12.9 million, a 3.6% return on sales, more than double that recorded a year earlier.

Sales Up

At the same time, Wards also showed growth in sales per square foot, gross margins and inventory turnover. The chain experienced a 35% gain in sales per square foot, rising from $740 to $999. Inventory turns increased from 4 to 4.3 and margins rose seven-tenths of a per cent, to 28.8%.

There was a net loss of three units last year; though Wards opened nine new stores, it closed 12, principally leased departments in Zodys, then in Chapter 11. (Zodys' parent, HRT Industries, recently emerged from reorganization through an agreement giving McCrory's effective control of the company.)

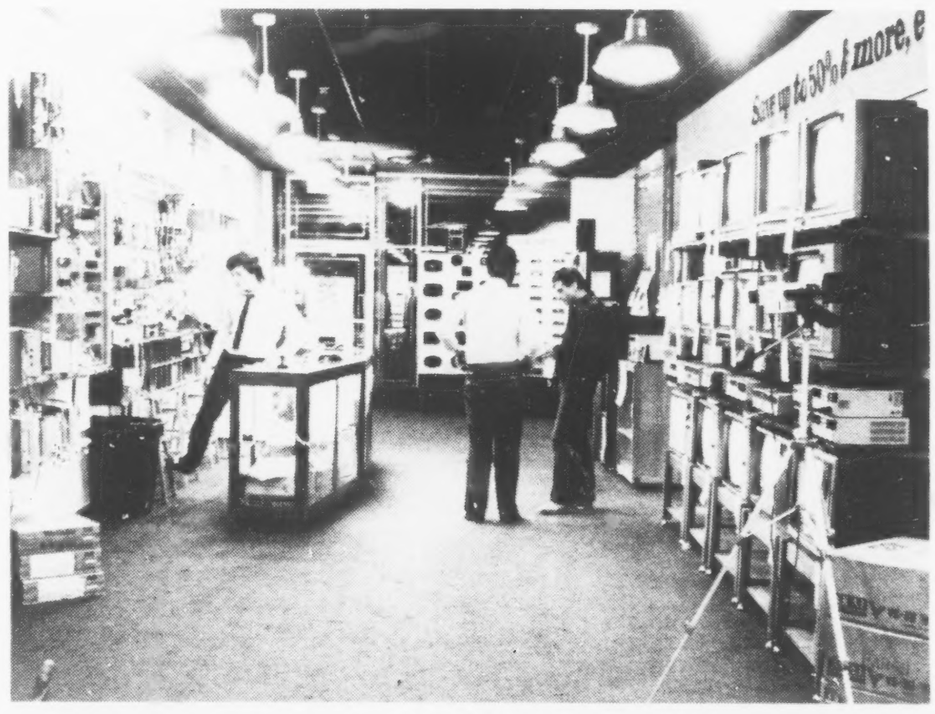
Wards' primary expansion vehicle to continue that growth will be its Circuit City Superstores located in or near metro markets. Nine of the 15 scheduled openings this year will be Superstores, more than doubling their current number.

The eight Superstores in operation last year (including one opened during the year) yielded about $83.9 million in sales, roughly 23.5% of Wards' total volume.

Though the Superstores have benefited heavily from a rebounding major appliance industry, which recorded its first substantial gains in 10 years, Wards' stock-in-trade remains its full-line consumer electronics merchandise.

Majors accounted for 15% of the company's total volume last year. Most of that amount was produced by the Superstores, although the West Coast operation does include some major appliance offerings. While sales in the category will undoubtedly rise as more Superstores open, it's unlikely to become dominant since the market is

(Continued on page 68)



Tech hifi has squeezed margins through the use of more promotional goods, as seen in its Paramus, N.J., unit. But, company officials say the chain's Chapter 11 struggle hinges more on expense control. *(DSN photo)*

Tech hifi, in Ch. 11 and Down To 43 Units, May Shut More

RANDOLPH, Mass.—Tech hifi has embarked on a radical cost-cutting campaign in its effort to survive bankruptcy.

The cuts were implemented during the six weeks following the chain's April 10th Chapter 11 filing that simultaneously brought the closings of 14 additional stores. Tech now operates 43 stores in seven northeastern states, having pulled out of Ohio, Michigan and North Carolina.

More closings are possible during the next three months.

"Obviously we're looking at the individual store numbers pretty hard," company president Steven Mayes said in a telephone interview. "There

(Continued on page 58)

Dress Barn, Fashion Gallery Battle For Off-price Chain

BOSTON—The battle for Fashion World, a 14-unit off-price ladies' apparel chain, which filed Chapter 11 last November, was expected to be resolved at presstime.

Rival bidders Dress Barn and Fashion Gallery—both New England-based ladies' wear off-pricers—were each planning to submit sealed envelopes containing revised bids to a bankruptcy court on June 4 for a final decision.

Fashion World creditors have 25 days following the hearing to oppose the decision made in court.

Steve Richmond of Kaye, Fialkow, Richmond and Rothstein, counsel for the creditors, said that the final decision would probably hinge on the value of each bidder's stock, both as to market value and public demand. Creditors were planning to meet and discuss that point before the court hearing.

Initial bids from the 98-store Dress Barn and the 16-store Fashion Gallery division of Spencer Cos. were fairly close, according to Richmond, who added that the initial Dress Barn bid offered a slight economic advantage.

Dress Barn's offer for nine stores was valued at $1.1 million—20% of which would be made in cash, the rest in common stock.

Spencer Cos. (Fashion Gallery) was offering about $1 million in stock for 12 stores.

In both existing bids creditors would receive about 50% of their unsecured claims and Fashion World president Alan Stahler would remain as president for a trial period following the takeover—one year if by Dress Barn and two years if by Spencer.

(Continued on page 69)

Gold Circle, Richway Pool PL Efforts In Garb With Help of Parent Federated

By KAREN PAXTON

CINCINNATI—Sister chains Gold Circle and Richway recently pooled their efforts in private label apparel development with the help of parent company Federated Department Stores.

Two months after the goods landed in the stores, executives at both chains are calling the venture a success. They are planning to expand the program, which began with New Views, a private label assortment of casual fashions in misses sizes, launched in both discount chains this spring.

A 50% sell through within two weeks of the introduction prompted the discounters and Federated to aim for a broadened New Views program—with coordinate groups for plus-size women, juniors, men and children, said George Rubin, senior vp, soft lines, at Gold Circle.

Timing for the creation of casual private label separates in those classifications depend on how quickly Federated can hire additional fashion coordinators to orchestrate the programs from its New York buying office. Consultants for children's, men's and accessories are expected to be brought on in New York.

A Closer Look

Gini Monahan, the only fashion coordinator currently employed by Federated to consult with the discount divisions, was instrumental in developing the first phase of New Views, said Rubin.

She helped one buyer at each chain select the hottest-selling items and colorations; worked with marketing divisions on signing, labels and advertising; consulted with fixturing departments on presentation and coordinated the pool of resources (domestic and import).

The New Views concept represents two changes in Gold Circle's and Richway's approach to private label apparel:

—It marks the first time either chain tried a color-coordinated "grouping" of related separates under a private label.

—It also marks the first time the two discount divisions of Federated have ever offered identical private label merchandise.

"It's the way we should have been doing business all along," said Rubin, who calls the existing New Views assortment "our answer to Esprit."

The assortment is aimed at filling three major consumer demands, said Rubin: current fashion geared toward the misses consumer; "concept dressing" or creation of a grouping focused on one mode of dress—New Views is casual; and related separates, or a collection of interchangeable pieces that have more than one possible coordinate.

Introduced in April, the line includes some 50 sku's of 100%

(Continued on page 16)

CE SPECIALTY CHAIN CENSUS

CE Chains

(Continued from page 3)

existing four-state trading area.

More significant, however, is the chain's pending image change, expected to be unveiled within the next six months. While company officials wouldn't discuss specifics, the plan will incorporate advertising and merchandise changes designed to expand its demographic appeal to include an older and more affluent customer base.

In the Southwest, The Federated Group plans to open "at least" eight new stores this year, bringing its total to 28, with markets entries in the smaller California markets of Bakersfield and Sacramento.

But, the chain is already preparing a march into San Francisco next year, with Las Vegas targeted a little farther down the road.

Federated Group company officials predict their supermarket-sized stores will yield a 55% sales increase in the current year, bringing chain volume to $215 million.

In the meantime the company has begun a diversification effort with the creation of Specialty Retailing Inc.

Schaak Electronics more conservatively predicts a 23% gain in sales to bring total volume to the $80 million level. Three new stores are planned, including a market entry into Colorado, bringing its total to 60 stores.

Leading Electronics Discounters By CE Volume (Last Completed Fiscal Year)

Chain	CE Volume (millions)
Wards	303*
Silo	184
Pacific Stereo	170*
Highland Appliance	160
Federated Group	138
Crazy Eddie	82*
Luskin's	71*
CMC Stereo	71*
Schaak Electronics	65
Newmark & Lewis	65

**DSN estimate*

Source: DSN Research

Expanded 1984 Directory Issued

NEW YORK—Chain Store Guide has released its 1984 Directory of Discount Stores/Catalog Showrooms, which contains several new features.

This year's directory includes up-front SMSA breakouts of company headquarters, divisions and regional offices, with store locations per state, arranged by SMSA and listed under the county in which they are located.

Chain Store Guide has also added a separate section on 200 major distributors servicing the consumer electronics industry. Also, the consumer electronics retail section was expanded to include listings for 1,900 companies operating 26,500 stores.

The directory is available at $155 from Lee Appel, Chain Store Guide, 425 Park Ave., New York, N.Y. 10022. Telephone: 212-371-9400.

CD-Player Biz Benefits From Software Rise

The sudden sales rise in compact disc (CD) players is attributable to the growing number of recordings that have become available, as well as to the falling hardware prices, which have brought the CD players down to the under-$400 mark. The 33-unit Tower Records chain has been steadily adding newly available titles to its software offerings, as shown in its New York store. In classical music alone, more than 250 different discs are currently offered. In other music categories, the CDs number from one-half to three-quarters of the cassette tapes currently available. The CDs have been merchandised on a prominent traffic aisle in the store. *(DSN photo)*

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CE SPECIALTY CHAIN CENSUS

TV-Ad Use in 1983 Ballooned For Many Leading CE Chains

Nationwide DSN Report

Last year a group of the nation's leading discount electronics chains doubled their budget commitments to TV advertising, according to the Television Bureau of Advertising (TvB).

Among the group, Pacific Stereo was the heaviest TV advertiser, increasing its expenditures more than seven times, to nearly $4.6 million, the TvB reported.

While most chains reported overall increases in budgeted ad dollars, television's portion increased disproportionately, although it still hasn't reached a position of dominance. Most executives said print continues to be their primary advertising vehicle.

Still, television's rise has been attributed to the consumer electronics industry's rapid growth, fierce competition and to the successful use of the medium for the price-image messages by chains such as Crazy Eddie in New York and The Federated Group in the Southwest.

First to Third

Although Crazy Eddie increased its TV budget 8% to $2.6 million, the 12-store chain fell from first to third place among the heaviest CE television advertisers, according to the TvB-supplied research.

At The Federated Group, which moved into second, television advertising expenditures rose to an estimated $4.5 million, representing 46% of the chain's nearly $10 million ad budget last year. The chain more than tripled its TV commitment last year.

The trend toward greater use of television has also been spurred by the growth of the major chains in major media markets, where store clusters have greatly improved the medium's advertising efficiency.

But the markets don't always have to be major.

Long's Electronics, a seven-store Alabama-based chain that changed its name from Stereo Warehouse last April, has been running nearly 500 30-second TV spots weekly in the Birmingham and Huntsville markets, according to James Long, president. Additionally, the chain regularly sponsors college and professional pregame sports broadcasts.

The chain spent nearly $3 million on advertising last year.

Specialty Discounters: TV Advertising

Rank 1983	Rank 1982	Chain	Total TV $ 1982	Total TV $ 1983	% Change
1	8	Pacific Stereo (Calif.)	536,900	4,564,500	+ 750.2
2	5	Federated Group (Calif.)	1,067,400	4,480,200	+ 319.7
3	1	Crazy Eddie (N.Y.)	2,407,800	2,600,700	+ 8.0
4	2	Long's Electronics/Stereo Whse. (Ala.)[a]	1,623,100	2,018,700	+ 24.4
5	3	Circuit City[b] (Va.)	1,332,500	1,640,500	+ 23.1
6	—	Mad Jack's (Calif.)	40,100	1,388,200	+ 3,361.8
7	4	CMC Stereo (Mo.)	1,214,100	1,025,700	– 15.5
8	—	Video King (Ill.)	—	942,900	—
9	6	Downings TV/App. TV City (Silo) (Pa.)	1,046,300	869,100	– 16.9
10	9	Fred Schmid's (Colo.)	530,700	838,100	+ 57.9

Source: Television Bureau of Advertising from Broadcast Advertisers Reports' data

[a]Reflects name change from Stereo Warehouse to Long's Electronics. Advertising data applies to retail stores only and does not reflect mail-order catalog business.

[b]Data reflect Wards Co.'s East Coast operations operated under the Circuit City name only.

When you carry the Motorcraft line, you get all the support you need to make your selling job easier. We call it Accelerate '84. A wide range of programs to help back your sales effort and send your profits skyrocketing.

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With Pacemaker, you earn prize points from your Motorcraft purchases that can be redeemed for anything from summer or fall trips to thousands of quality gifts from our Executive Collection Catalog. Or you can use your Pacemaker prize points for advertising or point-of-purchase material. You can even get Ford or Lincoln-Mercury cars. Or Holiday Inn Guest Certificates to sponsor sales meetings just about anywhere in the world.

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You can earn Incentive Travel points from your Motorcraft purchases for group travel programs or create your own "mini" or Fall travel package. Points can be redeemed for trips to Las Vegas, Puerto Vallarta, Hawaii, Toronto, Orlando or Montreal.

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A great way to help the jobber build store traffic or a new accounts Grand Opening event. It includes everything from extended credit terms, "Budweiser King" mini-car promos, ad co-op allowances and a complete merchandising kit full of eye-grabbing Motorcraft materials.

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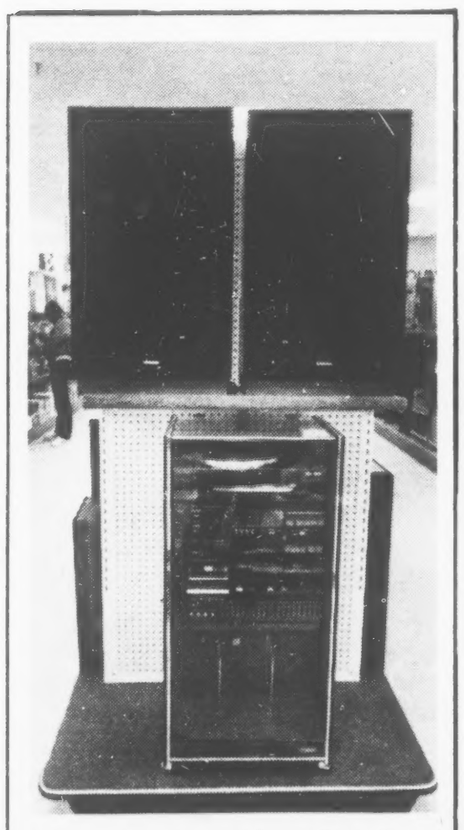

Rack Audio Gains

The still-growing popularity of rack audio, such as this $999 Fisher unit at Ann & Hope, Watertown, Mass., has made component audio universally available, at the same time blurring low, middle- and high-end distinctions. *(DSN photo)*

Buyers Look For Winners In License Field: Pp. 15-27

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VOL. 23, NO. 13 | Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. | JUNE 25 1984

LICENSING REPORT

Picking a License? Look For the Clout

Nationwide DSN Report

Toy buyers aren't charging consulting fees to their in-house merchandising colleagues but they are being used more and more as sounding boards, especially where licensing is concerned.

Usually barraged with the earliest and with the largest amount of licensed characters, toy buyers have learned to key in on several basic questions when choosing a license—

- Who's the prominent backer?
- What are the license's relatable applications?
- What is its time frame?

Several of the most popular action-figure licenses have exploded out of toy departments and are serving double duty on checkout endcaps, as in K mart's Rochester, Mich., prototype. *(DSN photo)*

First and foremost, according to almost every buyer interviewed, is trust and clout—who's behind the license and how much money will be spent on advertising and promotion.

"I want to know where the license is coming from. If there's a major greeting card company behind it, a movie, a TV show, whatever. Also, some manufacturers have excellent track records, some don't. I want to be sure that if a company says they're allocating $5 million for TV, it'll be there," said Bob Rudman, dmm, toys and sporting goods at Gold Circle.

Bob Lucas, buyer for Van Leunen's takes that one step further.

"I like to see the commercial for the license. It's very important to see how the commercial comes off, if it delivers the punch. A good commercial can make or break a product." But, he added, the license must be

(Continued on page 42)

More Chains Devise Techniques To Block Unfriendly Takeovers

Nationwide DSN Report

You can't have my company.

To give meaning to these words, a growing number of retailers have instituted measures to stop unfriendly takeover attempts.

The latest discounter to do so is G. C. Murphy, parent of Murphy's Mart, which has proposed two antitakeover amendments to its charter that are being strenuously opposed by two dissident shareholders.

The discounter's two antitakeover measures, which were to be acted on at its annual meeting, set to be held at presstime, make it more difficult to remove directors without cause and approve takeover or other business deals with shareholders that own more than 10% of the company's stock.

The dissident shareholders, Arveron Investments and its chairman, Arthur M. Goldberg, together already own 8.51% of Murphy's stock. The proxy statement and ads directed to stockholder, issued by Arveron and Goldberg, contend that the discounter already has sufficient antitakeover protection and the two new measures "may reduce Murphy's attractiveness as an acquisition candidate," give "a small minority" of shareholders (20%) the ability to block mergers and remove directors and "limits" or "deprives shareholders of an opportunity to sell their shares at a temporarily higher market price."

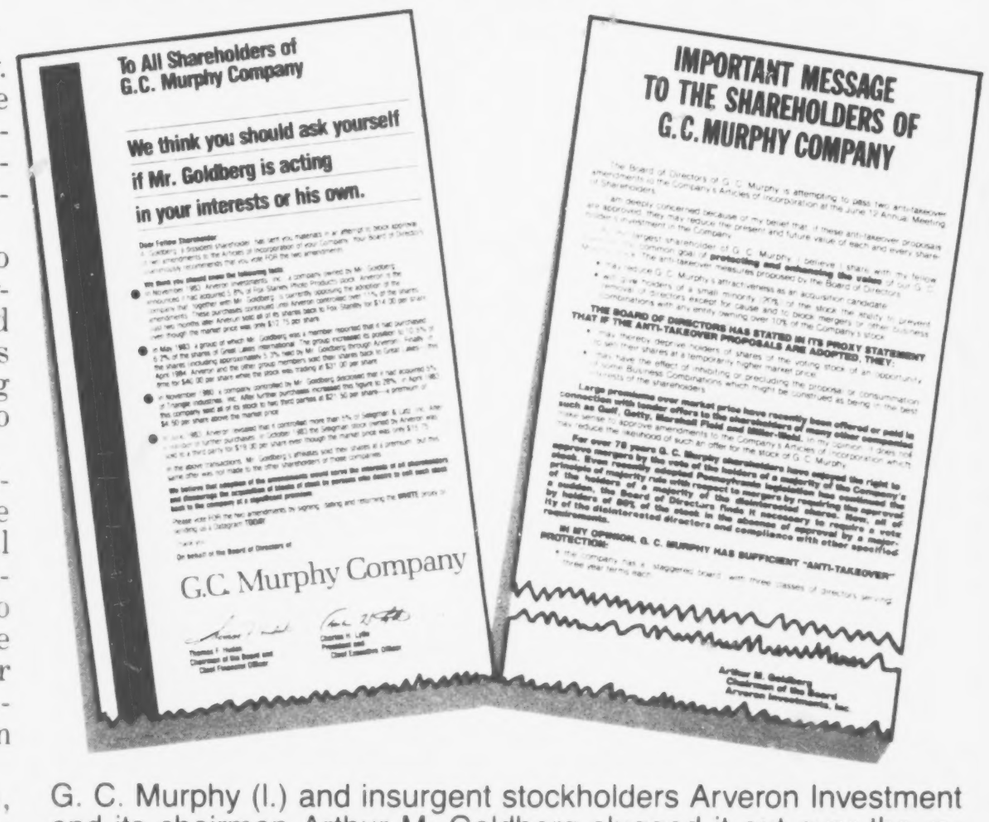
Goldberg and his representatives failed to respond to phone calls as to Arveron's plans or interest in Murphy. The proxy statement noted Arveron and Goldberg invested in the discounter at prices considered "to be favorable." The proxy statement and newspaper ads are the keys to soliciting support from other company shareholders. This effort includes employing a stock soliciting firm for $40,000 plus expenses, and paying for shareholder voting by mail or phone.

Murphy, in ads countering the dissident stance, contend that Arveron and Goldberg are really interested in positioning themselves to sell their holdings at a premium price that wouldn't be available to other shareholders, just as they have done in at least four other cases.

Murphy and Arveron are, so far, the only ones to contest retailers' proposed antitakeover measures. Defensive steps by other retailers have easily won stockholder approval during the past two years, however, even in situations where there wasn't any hint of a possible unfriendly takeover.

Strawbridge & Clothier, parent of Clover, was somewhat of an exception in that its antitakeover measures were triggered when one shareholder with 1.5% of the closely held stock of the family-controlled

(Continued on page 42)


To All Shareholders of G.C. Murphy Company
We think you should ask yourself if Mr. Goldberg is acting in your interests or his own.
G.C. Murphy Company
IMPORTANT MESSAGE TO THE SHAREHOLDERS OF G.C. MURPHY COMPANY

G. C. Murphy (l.) and insurgent stockholders Arveron Investment and its chairman Arthur M. Goldberg slugged it out over the retailer's proposed antitakeover measures, in *Wall Street Journal* ads.

Digest

June 25, 1984

LICENSING REPORT

- **Buyers, searching for the** next hot licensed products, will generally bank on a combination of current favorites and future stars (pp. 15-27).

Apparel: Buyers use various formulas to pick winners. (p. 20)

Domestics: Juvenile merchandise is synonymous with licensing. (p. 16)

H&BA, Housewares: Licensing is a limited factor. (pp. 27, 18)

Stationery: A wider variety of licenses is due in chains' back-to-school mix. (p. 25)

Toys: Licensing is the industry's focal point.

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Catalogers to Keep CE in Their Books Despite Specialty Chains' Price Attacks

By BRENT H. FELGNER

Catalog showroom merchants are digging in against a flood of price attacks from market-dominant specialty consumer electronics discounters.

The catalogers are adamant, though, that CE prices and merchandise remain in their books. The category is just too big and important to be relegated to a not-in-catalog (NIC) assortment, they said.

"We'd never consider it," said Myles Weiner, general merchandising director, electronics, for Best Products. "Our electronics merchandise is just too critical to the creation of our overall price image—not just in this department—but crossing into others, too."

Best registered almost $400 million in CE volume last year, nearly 20% of the chain's total sales. The results at H. J. Wil-

(Continued on page 4)

CE remains a strong growth category at Best Products showrooms, such as this in Cerritos, Calif. In 1983 the first and sixth chainwide best sellers were VCR's. *(DSN photo)*

IN BRIEF

- **JAMES** Dismore, 46, was named president and ceo of Howard Brothers Discount Stores, a unit of Wickes Cos. He was exec vp and coo of W. E. Walker Stores. Before that, he was senior vp-sales, merchandise and operations at Rose s.

- **CALDOR'S FIRST ENTRY** into affluent Nassau County, New York, will be a 90,000-sq.-ft. unit in Levittown, slated to open in time for Christmas. The store will co-anchor—with a 50,000-sq.-ft. Foodtown supermarket—the 200,000-sq.-ft. Caldor Plaza.

- **BRADLEES HAS DECID-** ed to accept American Express chainwide, after testing the cards in 11 stores.

Auto Chains' Growth Plans Shift Into High

Nationwide DSN Report

Automotive chain executives are making no bones about their aggressive growth plans for 1984.

Flush with confidence after a strong 1983, and buoyed by the nation's increasing trend toward do-it-yourself car repair, the country's leading automotive retailers are projecting 11%-20% sales growth this year.

Growth will largely be pegged to stepped-up expansion plans at many chains; buildup of auto parts and private label volume, and courtship of the surging female market with better trained sales staffs, tighter merchandising and newly aggressive in-store fashion efforts.

At Crown Auto, the nation's 11th largest automotive specialty retailer, women now make up 15% of the customer base—triple its early 1980's count, said president Floyd Adelman.

Overall, the nation's top 10 chains, which logged an estimated $1.6 billion in sales last year, will be making market-share plays in 1984 throughout existing and contiguous markets. Entry into far-flung trading areas, like that planned by Whitlock executives, will be less common.

Retailers generally agreed their current markets haven't yet matured, and there's still significant room for growth. That picture is headed for change, however, as other classes of retailers step up their efforts to merchandise automotive supplies.

To stem this competition, and distinguish themselves from each other, automotive chains are stressing their specialty expertise and improving merchandising efforts.

For example, chains like The Pep Boys, No. 2 in the country, and Grand Auto, No. 4, are pitching bigger-ticket under-the-hood service business by experimenting with installation of rebuilt engines and transmissions. They're setting themselves apart from most retailers equipped with service bays, who are still limiting efforts to tire and battery installation and periodic engine maintenance.

Instead, the majority of auto chains are trying to meet the needs of America's DIYers by vastly increasing inventories of domestic and foreign engine parts, merchandising them more precisely and stepping up staff training on parts functions.

Lucky's automotive division vp-marketing Greg Trees summed up why retailers are

(Continued on page 32)

Leading Auto Chains Hit the Expansion Trail

Chain	Total vol. last completed fiscal year (millions)	No. of stores as of 1/1/84	Projected No. of stores by 1/1/85	Service Bays
Western Auto (Mo.)	$560[A]	2,556[A]	2,596	No
Pep Boys (Pa.)	306	124	140	Yes
Lucky Automotive Div. (Ariz.)	250[B]*	439	486	No
Grand Auto (Calif.)	140	84	84	Yes
Nationwise (Ohio)	92*	135	150	No
Al International (N.Y.)	100[C]	80	140	Yes
Whitlock (N.Y.)	75[D]	74	84	No
Steego (Fla.)	60[E]*	75	81	No
R&S/Strauss (N.J.)	40	43	50	Yes
Guarantee (Ind.)	37*	52	60	Yes

[A]Includes $165.4 million in sales from 216 company-owned stores and $395.0 million in wholesale sales to 2,340 franchised outlets.
[B]Includes sales from Kragen, Checkers, Honey and Statewide.
[C]Includes sales from Big 4 Automotive acquired in 1983.
[D]Includes sales from National Auto, Cal Auto, Strum Auto and Giant Auto.
[E]Doesn't include sales from Canadian operations.
*DSN Estimate.

Source: DSN research.

Projection For This Year

Pep Boys Expects to Open 16 Stores, Install POS Chainwide, Top $350M

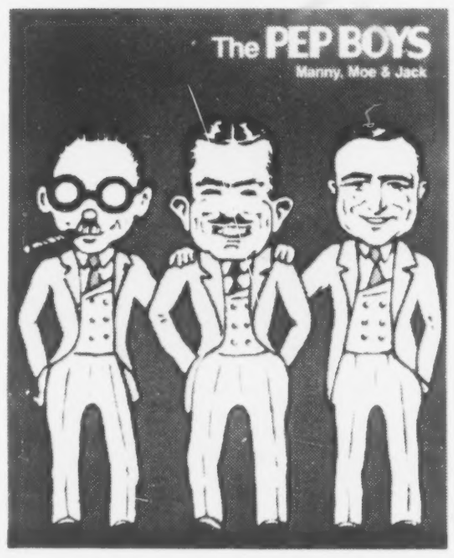
PHILADELPHIA—The Pep Boys—Manny, Moe and Jack—this year expects to open 16 new units, install a computerized point-of-sale system chainwide, and top the $350 million sales mark for the first time.

It's also considering a deeper move into service.

Last year, the locally based automotive specialty discounter exceeded $300 million in sales for the first time.

Sales in the fiscal year ended Jan. 31 went to $305,835,000, up 15.2% from $265,408,000, while net earnings rose 28.3% to $15,542,000 from $12,223,000.

This year, the chain—which offers service as a staple business with its average eight to 10 bays per store—is looking to broaden its offerings. Last month, it began a key test in 20 western stores of installing rebuilt engines and transmissions, something that few other



automotive specialty discounters offer, according to Scott Rosen, executive vice president.

During 1983, the 124-store chain spent $28 million to lay the groundwork for future store clustering in its mid-Atlantic markets and expansion into its existing western states.

Ongoing moves to support its expansion included last fall's opening of two new warehouses in New Jersey and Arizona; completion this year of the chainwide installation of a new computerized inventory tracking system, now in 30% of its units; debuting of a new uniformly produced national television advertising program this fall, and speeding up of the adoption of a centralized national buying program.

This year, the chain will open 15 new units on both coasts, according to chain president Benjamin Strauss. In the East, the specialty discounter will open several 20,000-22,000-sq.-ft. units in Pennsylvania, New Jersey, Delaware, Virginia, the District of Columbia and Maryland, where a 21,000-sq.-ft. unit bows this month in Glen Burnie.

At the same time the chain—which operates two divisions, based here and in Los

(Continued on page 31)

Lucky Adding 47 Auto Stores In '84, Widening Product Mix

PHOENIX—A 10% expansion in new units, broader merchandise offerings and a stepped-up retail sales training program are major components of Lucky Stores' bid to increase its retail automotive potency throughout its 16-state market.

Lucky is closing in on the 500-store mark and should pass it by early 1985. Its automotive division includes Kragen, Checker, Honey's and Statewide stores. They range in size from 3,500 to 9,000 sq. ft., and share a central administration and buying staff.

During 1984, Lucky will open 65 stores and close 18, bringing its retail automotive store count by year's end to 486. These plans exceed last year's pace slightly, when Lucky upped its automotive stores from 400 to 439.

By restricting expansion to existing markets, Lucky picks up advertising and distribution efficiencies as "we mature the markets we're in," said vp-marketing Greg Trees. The division can apparently maintain this strategy for some time since "distribution facilities are not operating near capacity, and no modernization is currently planned," according to Trees.

Growth in new stores, which is financed by Lucky's corporate capital expenditure budget, combined with improved merchandising efforts, is expected to generate 12% sales gains in the fiscal year ending next Jan. 29, predicted Trees. That, according to *DSN* estimates, would place its sales at $287 million, up from $250 million in fiscal 1983.

Lucky doesn't report its automotive division's results separately—beyond noting in its annual report that same-store sales rose 11% last year only because of heavy "promotional gross margin reductions." Slack automotive earnings contributed to an 8% overall decline in Lucky's specialty retailing group, the company reported.

One major effort meant to reduce dependency on extensive

(Continued on page 31)

45% More Stores Due Over Next 3 Years

Venture Centralizes Apparel Buying at Its HQ

ST. LOUIS—Venture is centralizing its apparel buying offices as it gears up to expand store count by more than 45% during the next three years.

Ladies' clothing, accessories and children's wear buying offices of the 55-unit chain are currently being moved from New York City to chain headquarters here.

As a result, all the senior vp/gmm's of ladies' wear, children's wear and shoes will for the first time report to Maxine Clark, executive vp of marketing. A former buyer of budget apparel for parent May Department Store's Hecht's division, Clark spent four years as manager of merchandise planning at corporate headquarters before joining May's discount division in 1980 in her current position.

The relocation of Venture's apparel offices comes as the chain strives to hit $1 billion in volume for 1984 and proceeds with a plan to open an additional 25 stores by the close of 1987.

Once the move is completed late in September, relocated buyers will be a car ride, rather than a plane trip away from the stores they serve.

"We did it to get buyers closer to our consumers," said Clark, who was in New York to help orchestrate the relocation process. For her, the change will mean "commuting for a while," but the added challenge of directing all of the chain's apparel.

Previously, only shoe and jewelry merchandisers stationed in St. Louis as well as all marketing personnel reported to Clark. The gmm stationed in New York reported to Julian Seeherman, president and ceo of the chain.

A few months ago, Carolyn Watts announced her plans to resign as senior vp/gmm of the ladies' and children's wear divisions in New York. In response, the chain announced its plans to move those offices to St. Louis.

Watts has subsequently been replaced by Doug Lamm, who will be in charge of shoes and jewelry as well as ladies' clothes and ladies' accessories. Lamm had been merchandise administrator at Davison's in Atlanta; before that he was a dmm at May's Hecht's division.

Personnel Changes

Other personnel changes announced recently included the promotion of George Needleman to senior vp of men's, boys' and children's wear from dmm of men's and boys' wear. In addition, Thomas Gent was promoted to vice president of advertising from divisional vp/advertising manager. He will continue to oversee the chain's print and broadcast ads.

Although Watts' resignation brought the idea to fruition, centralizing apparel buying had been under consideration at Venture for some time, said Clark.

"It's the way all the department stores and even Target—which, like us, has no stores in the New York area—run their businesses.

"It makes communication [between buyer and store and buyer and management] easier and quicker. It also keeps us from having to duplicate costs like housing buyers and setting up computers," Clark explained.

Monetary savings from the move will only be slight, she added. The relocated buyers will have to travel to New York about once a month, which is the same schedule followed by buyers already stationed in St. Louis.

Other benefits in having all the buyers in headquarters are not measured in dollars and cents. For one thing, advertising will be easier to coordinate since the apparel and jewelry buyers will both be on hand to put the right accessories with the right garments.

In addition, all buyers will be able to compete for more positions. A hard lines assistant buyer, for example, will have a chance to move into the fashion apparel side without having to relocate.

The existing facilities in St. Louis will be a little cramped at first, but Venture headquarters personnel will be moving to a larger office building in St. Louis late next summer.

Store expansion for the chain is currently on the upswing following a hiatus from 1978 to 1982. Last year the chain opened four stores. This year, Venture will increase that rate with six unveilings.

Four stores opened in March, including single-unit entries in two new markets: Fort Smith, Ark., and Topeka, Kan. This fall, two more openings are planned, in Cape Girardeau, Mo., and Champaign, Ill.

That leaves another 23 slated to open before the end of 1987, according to plans announced earlier by The May Co.

DISCOUNT AUTO CENSUS

Crown's Goals: $100M Biz, 100 Stores by Early 1990's

EDEN PRAIRIE, Minn.—Accelerated store expansion, revamped merchandise layouts and a new private label parts program are driving forces behind Crown Auto's bid to become the dominant automotive retailer in the five Upper Midwest states.

Crown's stated goal is to become a $100 million, 100-store chain by the early 1990's.

Crown's first-quarter 1984 sales gained 19.1% to $6.4 million, as the chain cut its net earnings loss for the first quarter of 1983 by 48.3% to $76,000. Chain officials called its weather-induced first-quarter loss "traditional," and further noted that gross margins rose to 48.5% from last year's 46.9%.

Crown, which recorded its fourth straight year of sales and net earnings gain in fiscal 1983, is "performing about 19% ahead so far in 1984," said Floyd Adelman, president since his promotion in March.

This year's sales should range "between $35 million and $40 million," he said, following 1983 when 46 stores generated $32.8 million in sales and $707,000 in net earnings.

More Stores

Crown, which started fiscal 1984 with 50 stores, will open five 4,000-sq.-ft. units this year including its first in North Dakota. This 10% expansion in stores compares with Crown's historic one- or two-store-a-year pace and four openings during 1983.

Crown is curr[illegible] ing expansio[illegible] miles of its Ed[illegible] house, which the[illegible] has the capacity to service up to 95 stores. Last year, Crown sold its Interstate Automotive Products division, which included most of Crown's mail order and wholesale operations and four stores in California.

Adelman conceded that "excessive promotions" last year prompted a chainwide drop in overall gross margins from 44.9% to 43.4%. "We're looking to increase them by 10% in 1984," he added.

Crown will be able to boost margins and overall parts category performance by expanding its EMCO private label parts program, which it introduced last year, Adelman said. Sales of parts included in the [illegible]ine have already [illegible]because of lower [illegible]perior warranties, [illegible]ntended.

Crown is expanding its overall inventory in parts, "though we're concentrating on domestic parts because only 17% of Minnesota car registrations are on foreign cars," said Adelman.

Setup Is Refined

Crown has also recently begun displaying carburetors, tuneup kits, filters, gaskets and pumps on focal point walls, said Adelman, as it moved fashion accessories and seat covers into less visible center gondolas. Tailpipes and mufflers are now displayed in windows.

In addition, Crown advertisements now group parts rather than highlight, say, just a water pump at a price. Since Crown increased depth with its EMCO line, the chain gained this flexibility and is able to boost tie-in sales of higher-margin products, Adelman added.

The chain's expansion of service bays ties into many of the same trends that are fueling its move toward parts: aging cars on the road, the high cost of repairs at car dealerships and gas stations, and recognition that people are do-it-yourselfers only to a certain degree, said Adelman.

Crown stores opening this year will have five bays each where mechanics "do everything except transmissions and going inside the engine," noted Adelman. Five far exceeds the two bays in most older stores, but is on par with retail units opened in 1983.

Last year, service sales from 45 stores equipped with bays rose 16.6% to account for 11.3% of chainwide volume.

Growth Plans

(Continued from page 3)

stressing parts today: "There's nothing the average person deals more with and knows less about than cars. The longevity of cars, the expense of repairs and the price of new cars are driving shoppers to auto specialty stores for help with do-it-yourself efforts."

Automotive retailers cite the aging of cars on the road, now up to 7.2 years average, and [illegible]d gasoline prices, which [illegible]ecdriving, as contributing to [illegible]tened DIY repair [illegible]. This trend provides a [illegible]ong foundation for specialty chains, from which they're looking to build in many ways.

Promising Area

Steego Parts president Robert Lawton is honing in on auto body paint sales because "there's a lack of good, consistent supply in the marketplace, and knowledgeable people to sell it." More than half of Steego's 75 domestic stores sell paint, including 13 with exclusive paint sales counters and staffs, and some freestanding paint stores.

Paint, which now contributes 15% of chain sales, will be pitched more strongly to DIY-ers and body shop painters, who, reasoned Lawton, "paint for friends on the side, and could recommend us as a general automotive retailer to the people they know. It all leads us back to the sale of auto parts."

A Closer Look

R & S/Strauss is reinforcing its emphasis on hard parts, which account for 40% of chain volume, by increasing sku's in foreign parts. Yet president Donald Schlenger cautioned against a "credibility problem retailers face when they sell parts without the knowledge to back it up."

That's why R & S/Strauss and others like Lucky and Crown are re-emphasizing sales training efforts. At Lucky, this step parallels a doubling of sku's in its Checker stores from 3,500 to 7,000.

Sixty per cent of the inventory expansion is in auto parts—three-quarters domestic and one-quarter foreign. To train store staff about new parts and accessories, and the use of specification books, Lucky has eight regional trainers covering 60 to 90 apiece. The educational program has already produced add-on parts sales gains of "more than 10%," said Lucky's Trees.

DISCOUNT AUTO CENSUS

Parts Stores Soar to 38,000 From 1980 to 1983: APAA

LANHAM, Md.—A 33% surge in the nation's auto parts stores—to 38,000 in 1983—dramatically countered retailing's overall contraction since 1980, and has intensified competition in the crowding field.

Expansion into automotive specialty sales by diversified retailers like Lucky Stores, Perry Drug and Malone & Hyde accounted for the majority of the 9,400 unit increase, according to a recent survey by the Automotive Parts & Accessories Association. In contrast, retailers nationwide shuttered a total of 58,000 stores during the three-year period, reflecting the tight economy, the association added.

Among retailers nationwide, the share of stores selling auto parts edged upward to 30% last year from 29% in 1980, the APAA's Foundation for Aftermarket Industry Research new study of automotive product retail distribution also found.

Service stations fell from 158,000 to 136,600 in 1983, prolonging a trend begun last decade, as tire stores and new car dealerships also declined, the report said.

Adding It Up

Yet, the number of specialty repair shops such as tune-up and quick lubrication centers, drug stores and independent garages selling car parts and products showed the greatest proliferation through 1983, the study added. They've positioned themselves to benefit from consumer buying pattern shifts toward specialized assistance with their cars.

For instance, 30% of drug stores sell automotive products today, a 12% rise during the past three years, said the APAA. Meantime, discount, hardware and grocery stores recorded just "slight increases in the number handling automotive lines," the APAA added.

Retailers weren't yearning to sell all automotive categories—as shown by the broad-based abandonment of tire sales "to outlets equipped for installation," said the APAA. For example, the share of auto parts stores selling tires dropped from 38% to 34%, the number of tire dealers nationwide fell by 2,600 and retailers selling tires dropped by nearly 17,000 between 1980 and 1983.

Showing contrasting popularity, automotive chemicals retained their No. 1 spot as the most widely distributed automotive products. In 1983, they were available in 482,400 outlets, or 93% of all auto product retailers, the APAA said.

The greatest growth among sellers of car products occurred among intermediate-line outlets, described by the APAA as merchants of one or two product categories from a list of chemicals, engine parts, tires, heavy parts and safety/comfort/sound equipment.

Full-line stores, which sell at least three automotive categories, slipped from a 43.4% to a 41.5% share of the nation's car products outlets, mainly due to the large drop in service stations, the report noted. Specialty stores and many discounters come under the full-line category.

% of Retailers Selling Auto Items

Store type	1980	1983
All types	29	30
Auto parts/ Tire stores, New car dealers	100	100
Discount stores	99	97
Service stations	95	95
Hardware stores	61	61
Grocery stores	50	53
Dept. stores	50	45
Variety stores	34	35
Drug stores	27	30
Other outlets	3	2

Source: Automotive Parts & Accessories Association

No. of Outlets Selling Auto Products

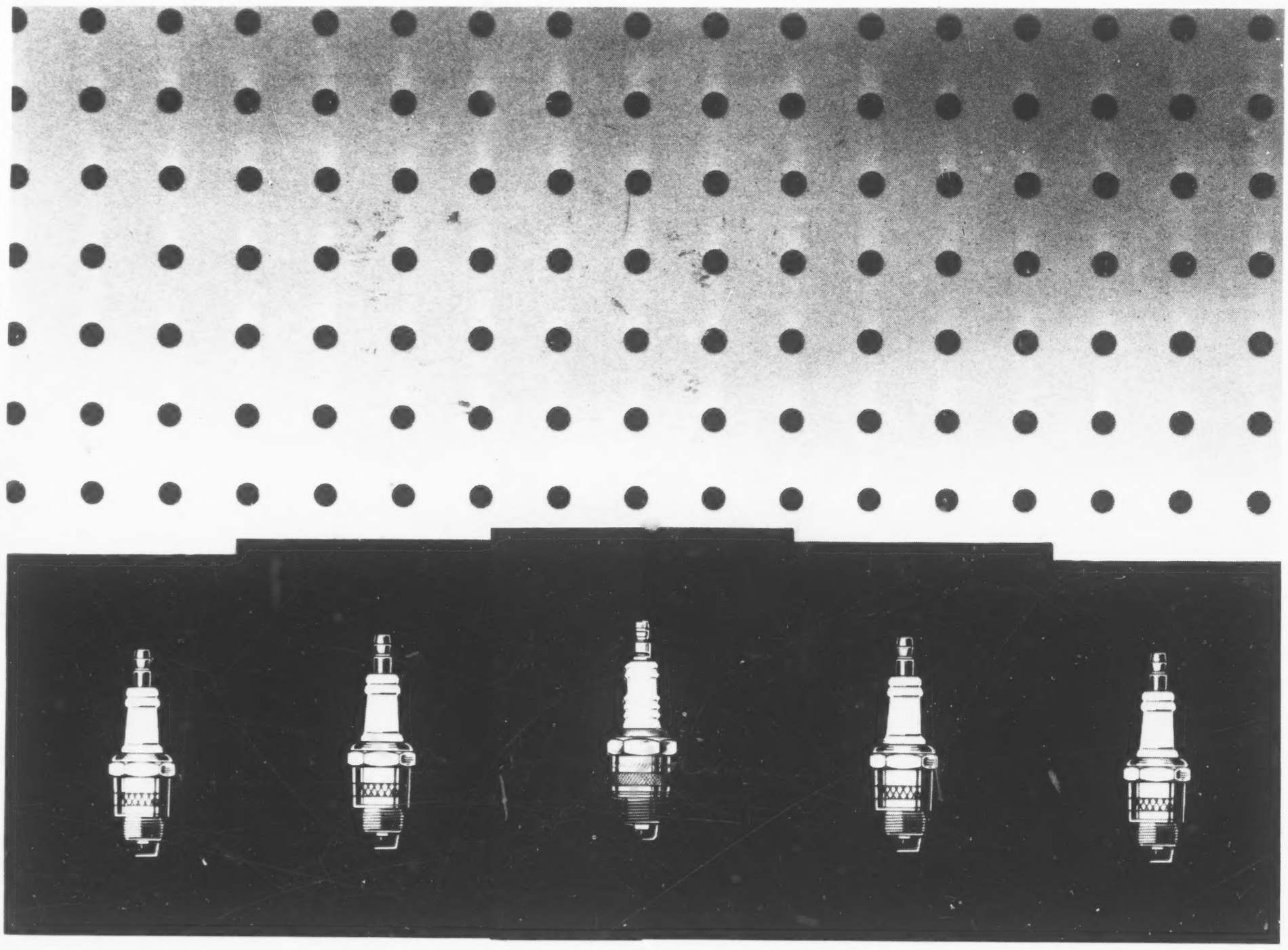
Store type	1980	1983	% change
Auto repair and service outlets other than service stations	137,800	156,400	+17
Service stations	150,100	130,100	−13
Grocery stores	83,600	85,100	+ 2
Auto parts stores	28,600	38,000	+33
New car dealers	29,800	26,700	−10
Hardware stores	17,800	18,200	+ 2
Drug stores	13,400	15,000	+12
Tire stores	14,800	12,200	−18
Discount stores	6,900	7,000	+ 1
Variety stores	5,900	5,300	−10
Department stores	2,700	2,500	− 7

Source: Automotive Parts & Accessories Association

Women Purchase Third of All Tires

DETROIT—American women are now the primary maintainers for 2 out of every 5 cars, and buy more than one-third of all automotive tires, according to a recently released report by the Newspaper Advertising Bureau (NAB).

According to Val Corradi, NAB vice president for automotive marketing, women account for a significant and growing share of revenues for tire manufacturers, dealers and installers, and the trend appears to be growing.



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**Discount Store News* First Annual Top Brands Survey.

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Murphy's Mart Eyes Satellite Dish: P. 8

Closet Organizers Find a Home: P. 16

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Gold Circle Is First to Launch Chainwide Checkout Scanning

WORTHINGTON, Ohio—Gold Circle has pulled out in front of the discount store pack by launching the first chainwide rollout of holographic scanning at the checkout.

The move also makes the chain something of a role model among parent Federated Department Stores' chain divisions; corporate is encouraging them to borrow working programs from each other whenever possible instead of starting from scratch.

Gold Circle, based here, will set an example for sister discounter Richway, for example, which is planning to install scanners sometime in 1986, according to Joseph Sheram, vp of finance and distribution at the 30-unit, Atlanta-based chain.

By that time, Gold Circle will have smoothed out the rough spots in its system. Under current corporate thinking, Richway could only develop a totally new scanning system as a "last resort," if no other Federated division had created an adaptable program, said Sheram.

Gold Circle's leadership within the corporation has already been established: Mainstreet, Federated's newest apparel specialty division, will adapt many of Gold Circle's systems, with the capability to add scanning later.

In fact, the financial and data processing functions of the still-to-be-unveiled Mainstreet are currently handled through Gold Circle, a move Federated made to get the new venture off the ground as quickly as possible.

The first step to Gold Circle's chainwide scanning took place in mid-June when a pilot store was set up with three holographic scanners and an in-store UPC marking system in the Westerville, Ohio, store outside of Columbus. After the first week the reports from the pilot store were totally positive, according to Arvin Stotesberry, vp of management information systems (MIS).

"The only problem we had to solve was that we had 11 or 12 cashiers trained to use scanners and only three scanners. So they had to come up with a bartering system over who would run the scanners," he explained.

If the system continues to function without equipment or operational problems, the second phase of the UPC ticketing process, at the distribution center, will be up and running by July 16. Scanners will be up in all five Columbus stores by the end of July.

The rollout schedule follows a market-by-market plan to install scanners and train cashiers in all Dayton stores second, Cincinnati third, Pittsburgh fourth and the remaining markets afterward.

Right now only about 40% of the items sold at Gold Circle are vendor-marked with scannable UPC codes, said Stotesberry. The chain prints tickets for

(Continued on page 25)

% of Shoppers Who Usually Pay Less Than Full Price For . . .

Auto Supplies	54%
Dressy Clothing	55
Jewelry	59
Casual Clothes	64
Toys	70
Sporting Goods	73
Major Appliances	77
Electronics	80
Average Who Usually Pay Less Than Full Price	66%

Source: DSN/Leo J. Shapiro & Associates

Discountland Garners 37% of Cut-price Biz

NEW YORK—When Americans buy for less, they're doing it in discount stores just one-third of the time.

Full-liners, catalogers and specialty discounters together sell just 37% of goods rung up nationally at less than full price. In contrast, Sears, J. C. Penney and Montgomery Ward pull 54% of discounted sales, and department stores 9%.

Two-thirds of America's households usually pay less than full price for eight general merchandise categories—toys, casual and dressy apparel, electronics, major appliances, jewelry, sporting goods and automotive supplies.

These are among the major findings of a recent consumer survey conducted nationally for *Discount Store News* by Leo J. Shapiro & Associates, Chicago. A total of 1,688 households were polled on their pricing expectations of these categories of products.

"The full retail system is competing for customers by cutting prices," the survey said. "Americans expect to find discounts wherever they go."

Overall, shoppers expect to

(Continued on page 5)

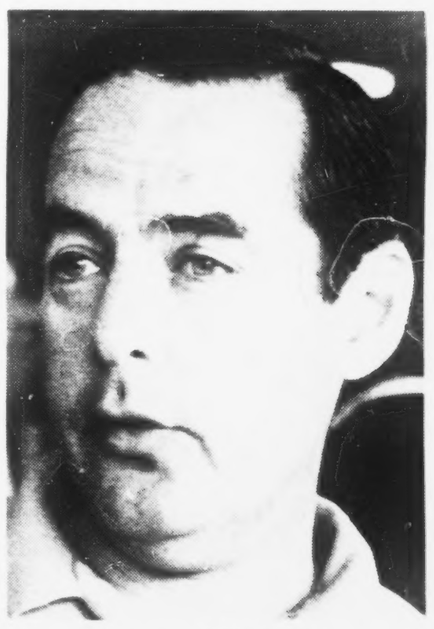
Federated to Add Specialty Div. And Fine-tune Nondept. Stores

NEW YORK—Federated Department Stores is paving more roads than just Mainstreet to insure a smooth route to volume growth outside the conventional department store realm.

All six of the company's non-department store divisions—Filene's Basement, Gold Circle, Richway, Ralphs supermarkets, Children's Place and Mainstreet—are being positioned for substantial earnings gains in the late 80's and 90's, Norman Matthews, a former Gold Circle chairman who is now corporate vice chairman in charge of all those divisions, told analysts meeting here.

Matthews added that the corporation is planning to launch a

(Continued on page 25)



Norman Matthews
Vice Chairman, Federated

Digest

July 9, 1984

CATALOG SHOWROOM NEWS

• **Très Bien, Baton Rouge,** La., decided to use a catalog and joined AMI. (p. 11)

DOMESTICS

• **More fashion goods are** being made available to mass marketers, but fear of slow delivery clouded a generally positive show week. (pp. 3, 12)

HARDWARE

• **Closet organizers are getting** more play from catalogers, but discounters' reaction ranges from lukewarm to cool. (p. 16)

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Crazy Eddie's Red Herring Shows Net On Rise After Marginal Profits in '83

By BRENT H. FELGNER

NEW YORK—Crazy Eddie's initial stock offering was set to go on sale this month, giving the industry and Wall Street their first-ever inside glimpse at the $140 million volume, 13-unit electronics chain.

What they've seen is a high-volume retailer that until recently has been just marginally profitable; a marketing-driven company, credited with being one of the originators of the "beat-any-price" system, whose net ad expenditures have been less than 1% of sales; a family-run company whose loans and outside investments have created a $2.4 million deficiency in working capital.

That view was provided in Crazy Eddie Inc.'s preliminary prospectus; company executives still refuse to speak to the press as they have for more than a decade.

The chain's red herring paints a picture of the controlling Antar family as a small conglomerate, with 36-year-old chairman Eddie Antar at the center. Over the last 10 years, the Antars have involved the company in at least 10 related businesses, seeded not only in retailing, but in such diverse ventures as a for-profit offshore medical school and an oil and gas limited partnership. Transactions involving those family businesses have created a $5.1 million debt currently owing to the corporation. Most of that amount is expected to be repaid from the Antars' 700,000-share portion of the stock sale, which overall involves a two-million-share offering.

Although the Antar family will still control more than 68% of Crazy Eddie after it becomes publicly owned, Eddie Antar has signed an employment agreement requiring the company to give him five years' no-

(Continued on page 26)

Crazy Eddie's Results

	Eight Months ended Jan. 31, 1984	% Increase Over Previous Year's 8 Months
Sales	$95,268,003	26.6%
Net Earnings	$3,089,594	222.5
Gross Margin	22.4%	3.6
Stores	13	—
Sales/ sq. ft.	$1,640	13.3
Sales per store	$7,490	8.9

Source: Crazy Eddie Inc. preliminary prospectus dated May 25, 1984

IN BRIEF

• **LEO ATKIND, FOUNDER** and chairman of NBO, a 14-unit, $50 million men's wear off-price chain, sold 50% of his company's stock to Dylex, the largest specialty retail operator in Canada. As a result, unit count of NBO will reach 35 by the end of 1987 with an average of seven new store openings a year starting in 1985. Although NBO's 14th store landed in the middle of Manhattan earlier this year, Atkind said the chain will seek out store sites in bedroom communities outside urban pockets. Dylex, with close to $1 billion in sales from 998 stores last year, will use the "partnership" with NBO as a foothold in the United States market.

• **AMES' BOARD VOTED A** 2-for-1 common stock split payable Aug. 10 to holders of record July 17. Stockholders cleared the way by approving an increase in common shares from 7.5 million to 30 million.

Consumers

(Continued from page 1)

pay less than full price one-third of the time at department stores and half the time at specialty retailers. At general merchandisers like Montgomery Ward, 63% of consumers believe they'll save, followed by Sears 52% and Penney 39%.

These expectations pale, however, next to ratings achieved by discounters. Nine out of 10 shoppers expect to pay less than full price at discount department stores and catalog showrooms; 67% of consumers expect the same at specialty discounters such as Toys "R" Us, Marshalls, Oshman's and Pep Boys, the survey revealed.

With sharp pricing clearly being discounters' major shopping lure, those able to raise consumer confidence about the quality of goods they sell will "capitalize on their natural advantage as a certain and predictable source of discounts," the survey said.

Moreover, discounters who emphasize merchandise categories on which shoppers most often pay less than full price will benefit, according to the survey. Overall, more shoppers pay discounted prices for electronics than any other category, 80%, followed by major appliances 77%, sporting goods 73% and toys 70%, the survey revealed.

Frequent price cutting and heavy advertising of sales are effective methods used by full-price retailers to lure consumers who seek to pay less than full price. This past March, three-quarters of American households recalled seeing sales; in all, 2 out of 3 reported seeing them from full-price retailers. More than half shopped the sales, and made purchases 80% of the time, the survey said.

Despite the attraction of sales at full-price retailers, shoppers view them with "a kind of love/hate relationship" because they perceive trade-offs, the survey said. Consumers believe sale periods are marked by poor variety and selection of merchandise, heavy crowds and goods that have been handled often by other shoppers, it added.

Moreover, shoppers think sales are timed to coincide with ends of seasons or poor weather, and that stores suspend customary service levels during sales—ranging from less floor assistance to limits on exchanges and returns, according to the survey.

"The more stable and predictable selling environment of [the discount] industry . . . contrasts dramatically with the uncertain price-cutting environment that is produced by sales. This contrast between the retailer whose nature and mission is to discount and the retailer who goes against his nature to conduct sales has become an important part of the consumer psyche," the survey said.

Yet sales are "formidable competition because they attract the customer who is also attracted by [discount retailers'] more predictable discounts," the survey concluded.

The most heavily price-oriented consumers—primary discount store shoppers—bought at sales more often than people who normally shop full-price stores, the survey revealed.

Consumers overall said merchandise quality and product performance are the most outstanding advantages of full-price retailers—and that leads them to buy goods at these stores when available at less than full price. Shoppers scored discount department stores highest on price and convenience—underscoring their need to upgrade their quality image.

That need occurs, according to the survey, because price becomes important to consumers only after they're convinced a store visit will unveil ample merchandise quality, variety and selection.

How Often Shoppers Expect to Pay Less Than Full Price

Category	General Merchandisers (Sears, Montgomery Ward, Penney)	Department Stores	Specialty Stores
Toys	53%	38%	52%
Casual Clothes	44	37	42
Jewelry	41	44	33
Auto Supplies	59	NA	47
Sporting Goods	63	35	59
Dressy Clothes	46	30	41
Electronics	67	73	67
Major Appliances	59	29	67

*NA-Not ascertained

Source: DSN Leo J. Shapiro & Associates

Discount Stores' % Share of Discount-Seeking Traffic

Category	All	Expect to Buy at Discount Store: Discount Department Store	Discount Specialty Store	Catalog Showroom	Expect to Buy From Full-Price Retailer
Toys	79	38	35	6	21
Sporting Goods	43	24	12	7	57
Electronics	41	17	12	12	59
Jewelry	32	7	1	24	68
Auto Supplies	30	24	6	—	70
Casual Clothes	21	16	5	—	79
Dressy Clothes	21	14	7	—	79
Major Appliances	14	9	—	5	86
Total	37	20	11	6	63

Source: DSN Leo J. Shapiro & Associates

Consumers Cite Disadvantages of Sales

No variety, selection	21%
Too crowded	19
Picked-over merchandise	19
I have no money when they run sales	12
Cannot return merchandise	4
Out-of-season/style merchandise	3
Weather	2
Sales are just a gimmick	1
Other	2
There are no disadvantages	17

Source: DSN/Leo J. Shapiro & Associates

% of Shoppers Who Say Retailer "Usually Has the Merchandise I Want at a Discount"

Conventional Retailers	
Montgomery Ward	63%
Sears	52
Penney	39
Full-line department stores	35
Specialty stores	50
Discount Stores	
K mart	87
All other discount department stores	87
Specialty discount chains	63
Catalog showrooms	86

Source: DSN/Leo J. Shapiro & Associates

Discount Stores Also Attract Traffic that Expects to Pay Full Price

Category	% of Discount Store Traffic That Usually Pays Full Price
Toys	22%
Casual Clothes	24
Jewelry	0
Auto Supplies	21
Sporting Goods	22
Dressy Clothes	14
Electronics	13
Major Appliances	15

Source: DSN/Leo J. Shapiro & Associates

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'84-'85 Census: Pp. 15-119

Top 100 Discount Industry Chains, P. 17

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1984-85 DISCOUNT STORE CENSUS

In this issue, beginning on p. 15, *DSN* analyzes the current state of the $110.1 billion discount industry, including a comprehensive look at the most powerful full-line and specialty discounters and catalog showroom operators.

The top 100 discounters, each of whose annual volume last year exceeded $75 million, are ranked on p. 17 in this special census of the industry.

Top 100 Discount Chains ... 17

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T.G. & Y.'s Latest Exec Team Finalizing New Turnaround Plan

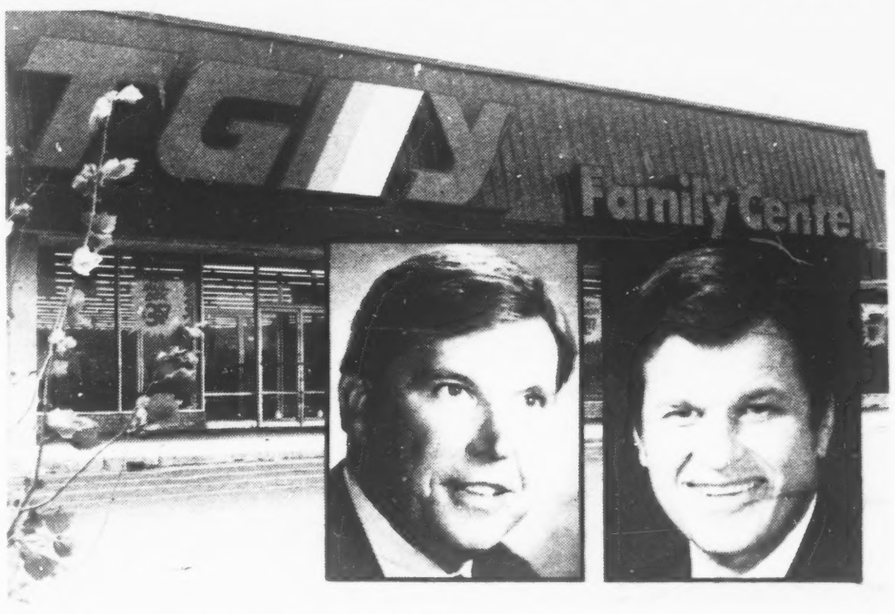
By BRENT H. FELGNER

OKLAHOMA CITY—T.G. & Y. is trying again—with another turnaround plan.

Five years and four management teams after the chain first moved to make the final break from its variety store ways of doing business, executives are still trying to direct a runaway field operation controlled by 500 fiercely entrepreneurial discount store managers; buy and track inventory in a rudderless merchandising system, and clearly identify a place for the chain in the market.

But, inconsistency and poor communications have ruled.

The latest executive to inherit those problems is 20-year Penney veteran John Herron, installed as T.G. & Y.'s president last October. After several months of cleaning out the chain's executive suite to make way for his own team, Herron, with the sometimes conflicting directions of parent company Household Merchandising president Bernard Brennan, formulated the key elements of a strategic plan.



An authority split between T.G. & Y. president John Herron (l.) and his boss Bernard Brennan, president of parent Household Merchandising, may hurt T.G. & Y.

Both Herron and Brennan declined to be interviewed about T.G. & Y.'s present or future course. Doing so now would be "premature," since the plan was still being finalized, Herron said. More than 30 present and former executives, competitors and suppliers who would talk requested anonymity, given the uncertain political climate or their continued dealings with the chain.

Most said that while T.G. & Y.'s latest turnaround

(Continued on page 4)

Glass, Trading Posts With Shewmaker, Seen Rising in Wal-Mart Succession

BENTONVILLE, Ark.—The lines of succession seem to be solidifying at Wal-Mart.

In an unusual flip-flopping of jobs and responsibilities, David Glass has become president and chief operating officer, posts previously held by Jack Shewmaker, who has taken Glass' former duties as vice chairman and chief financial officer.

The realignment of responsibilities now has Glass reporting directly to Walton, with all divisions, including financial under Shewmaker, reporting to Glass. Previously, all divisions, including financial then headed by Glass, reported to Shewmaker, who answered directly to Walton.

As for the switch in jobs between Glass, 48, and Shewmaker, 46, some security analysts

(Continued on page 122)

Still very much the entrepreneur, Sam Walton (center with a T-shirt-clad Arkansas Governor) took another bold step and had president Jack Shewmaker (l.) and vice chairman David Glass (r.) swap jobs.

Target Wins 2nd DISC Award

MINNEAPOLIS—Target has won the *Discount Store News* 1984 Discounter Service to the Community (DISC) Award for its contributions to nonprofit community organizations, United Way, Goodwill Industries, Santas Anonymous and Toys for Tots.

The DISC Award is presented annually by *Discount Store News* to the discounter that has made the most outstanding effort on behalf of the community during the previous year.

This is Target's second DISC award. The chain also won in 1979.

This year's competition drew a record number of entries, including submissions from Wal-Mart, Roses, K mart, Zayre, Jamesway, Bradlees and Service Merchandise.

The judges for the 1984 award were Richard I. Hersh, president, National Mass Retailing Institute; Stanley Berkovitz, vp, consumer and community affairs, Zayre; Jim von Gremp, director, public and Government affairs, Wal-Mart; Barbara Thatcher, manager, community relations, Target, and Avery Roberts, senior vp, human resources, Roses.

In 1983, Target contributed $1.7 million to community non-

(Continued on page 122)

IN BRIEF

- **LIONEL CORPORATION, OPERATING UNDER CHAP**ter 11, has pulled out of its fifth attempt in a year to sell its interest in Dale Electronics. The company called off an agreement to sell its 82% interest in Dale to Dynamics Corporation of America for $59.5 million. Lionel is now free to consider offers like the one it had earlier this year for $67 million from Square D Company.
- **CHARLES HUBER, HEAD OF CLOSEOUT RETAILER** Shoppers Choice, has returned to the catalog showroom field by becoming senior vice president, hard lines merchandise manager of H. J. Wilson. Before joining Shoppers Choice about four years ago, Huber had been vice president, merchandising for Modern Merchandising.

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Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

1984-85 DISCOUNT STORE CENSUS

Nationwide DSN Report

This year, general merchandise discount retailing in the United States is expected to cross the $110 billion mark.

According to *DSN*'s annual census of the discount industry, full-line discounters will produce more than $79 billion in sales by the end of this year; catalog showrooms will account for nearly another $8 billion and specialty discount chains will generate $23 billion in volume.

Off-price apparel retailers will account for 37% or $8.6 billion of the specialty discounter volume.

That the big companies continue to get bigger is one of the most significant aspects of this census.

The top 10 discount chains, including K mart, Wal-Mart, Best Products, Service Merchandise and Toys "R" Us, account for nearly 35% of the entire discount industry's total volume.

The top 25 chains account for nearly half of total industry volume.

The top three catalogers—Best, Service and H. J. Wilson—account for 50% of that industry (see chart p. 36).

And, among specialty discounters, one or two chains clearly dominate each merchandise segment: Marshalls, for example, generates 35% of the volume done by the top 10 off-pricers; Toys "R" Us nearly 56% of the toy discounters' volume (and 12.5% of United States toy sales); top-ranked sporting goods discounter Oshman's 35% of that discounting segment's sales; Western Auto, with more than 2,500 franchised and company-owned units, 34% of all discount auto chain sales, and among discount consumer electronics chains, Circuit City (Wards) has a 22% share of the volume generated by the top 10 chains in that heavily independent operator-dominated field.

In the merchandise categories, the annual census shows the increasingly important role the soft goods categories are playing in discount stores.

This year, soft lines will account for nearly a third of the industry's total volume. Of that, women's wear departments—in all market segments—will total almost $20 billion.

For full-line discounters, women's wear volume, the largest contributor of all discounter departments, is expected to reach $14.3 billion, up from $13.3 billion in 1983. The increase reflects full-liners' upgrading of departments' presentations and merchandise assortment.

The census also spotlights chain regional growth patterns (see p. 21).

Discounters' growth plans show them being both constant to their roots and in tune with shifting population/growth patterns: The markets of the mid-Atlantic and East Central States, the cradle of discounting, continue to figure prominently in discounters' expansion plans as does the Southeast.

By year's end, these three geographic areas will account for more than half of the net selling space of all discount retailers.

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CENSUS '84, '85

The Discount Industry's Top 100 Chains

Rank	Chain (HQ state in parentheses)	Volume in Millions: General Merchandise Last Fiscal Yr.	Volume in Millions: General Merchandise Prev. Fiscal Yr.	Net Earnings (Loss) in Millions: Last Fiscal Yr.	Net Earnings (Loss) in Millions: Prev. Fiscal Yr.	No. of Stores: 1/84	No. of Stores: 12/84	No. of Stores: To Be Added, 1985	Net Selling Space (Sq. Ft.) (Add 000): 1/84	Net Selling Space (Sq. Ft.) (Add 000): 12/84	Net Selling Space (Sq. Ft.) (Add 000): To Be Added, 1985
1	K mart (Mich.)	$18,758[A]	$16,911	$492.3	$261.8	2,160	2,188	—	123,000	125,500	—
2	Wal-Mart (Ark.)	4,744	3,448	196.2	124.1	642	747	105	32,100	37,350	5,250
3	Target (Minn.)	3,118	2,412	176.8**	150.1**	205	217	—	20,062	21,210	—
4	Gemco (Calif.)	2,135	2,114	47.5**	36.9**	76	79	—	8,715	8,690	—
5	Best Products (Va.)	2,081	1,582[Q]	37.1	28.8	196	204	10	5,880	6,120	300
6	Zayre (Mass.)	1,902	1,616	90.8**	55.1**	275	288	15	15,246	15,967	832
7	T.G. & Y. (Okla.)	1,750	1,805	—	—	517	503	—	19,460	18,932	—
8	Service Merchandise (Tenn.)	1,458	1,195	44.9	31.6	158	175	20	3,160	3,500	400
9	Toys "R" Us (N.J.)	1,320	1,042	92.3	64.2	169	199	—	4,400	5,200	—
10	Bradlees (Mass.)	1,183[B]	872	80.5**	50.5**	127	132	—	8,882	9,238	—
11	Caldor (Conn.)	1,100	925	—	—	95	103	—	8,455	9,785	—
12	Marshalls (Mass.)	1,061	830	—	—	174	210	—	4,176	5,040	—
13	Hills (Mass.)	1,026	892	83.1**	71.2**	116	123	—	9,280	9,840	—
14	Meijer (Mich.)	933*	848*	—	—	49	51	—	5,930[C]	6,172[C]	—
15	Fred Meyer (Ore.)	875*	730*	—	—	62	62	—	4,844	4,844	—
16	Roses (N.C.)	829[D]	662	21.9	11.6	189	194	—	7,380	7,600	—
17	Venture (Mo.)	794	680	43.6**	30.0**	51	57	8	4,080	4,560	640
18	Pay Less (Ore.)	682	628	24.7	19.4	149	159	10	3,580	3,820	240
19	Ames (Conn.)	647[E]	423	19.9	12.4	168	183	20	6,945	7,598	774
20	Price Club (Calif.)	633[F]	371	14.7	7.9	12	19	—	1,200	1,900	—
21	Gold Circle (Ohio)	590	501	39.5[R]	5.4[R]	51	51	—	3,927	3,927	—
22	Murphy's Mart (Pa.)	589[B]	531	—	—	118	119	6	5,729	5,786	260
23	Western Auto (Mo.)	560	519	15.5	12.6	2,556	2,596	—	1,512[G]	1,512[G]	—
24	Cook United (Ohio)	555	602	(66.9)**	(3.6)**	94	53	—	5,300	3,020	—
25	Fedco (Calif.)	535	457	—	—	8	8	—	600	675[H]	—
26	H. J. Wilson (La.)	514	458	8.8	5.6	79	79	5	2,370	2,370	150
27	Alexander's (N.Y.)	511[I]	507	4.6	3.2	15	15	—	3,743[C]	3,743[C]	—
28	Jefferson Ward (Fla.)	500	510	—	—	48	44	—	3,991	3,588	—
29	ShopKo (Wis.)	475	390	30.6**	24.9**	39	50	10	2,538	3,174	635
30	T. J. Maxx (Mass.)	475*	350*	54.8[S]	46.9[S]	118	118	35	2,773	2,773	823
31	Jamesway (N.J.)	433	345	11.5	6.8	78	84	7	4,539	4,880	406
32	Pamida (Neb.)	410	361	14.9	10.5	162	170	10	3,482	3,700	300
33	Richway (Ga.)	401	322	39.5[R]	5.4[R]	31	31	5	2,300	2,300	371
34	Heck's (W. Va.)	381	356	22.4**	19.5**	122	128	6	4,475	4,734	222
35	Consumers Distributing (N.J.)	370[J]	309[J]	(0.5)**	3.8**	134	161	25	335	403	63
36	Child World (Mass.)	360	283	—	—	90	104	—	2,250	2,600	—
37	Circuit City (Wards) (Va.)	357	303	12.0	5.5	98	113	—	357	495	—
38	Howard Bros. (La.)	340[K]	334	—	—	104	106	—	4,248	4,330	—
39	Value City (Ohio)	334*	367*	—	—	34	35	1	2,070	2,125	55
40	Zodys (Calif.)	333[K]	380	—	—	42	41	0	2,520	2,440	0
41	Pep Boys (Pa.)	306	265	15.5	12.2	124	140	—	2,480	2,800	—
42	ALCO (Kan.)	306[L]	203	8.6	4.3	121	127	16	3,700	4,000	480
43	Loehmann's (N.Y.)	285*	260	—	—	66	76	—	990	1,140	—
44	Oshman's (Tex.)	283	247	10.3	7.1	186	205	—	1,860	2,050	—
45	Kay Bee (Mass.)	281	183	—	—	456	516	—	1,596	1,806	—
46	Carlson Cos. (Iowa)	279*	306*	—	—	62	67	7	1,500	1,675	175
47	Silo (Pa.)	275	184	—	—	72	107	—	648	963	—
48	Highland (Mich.)	270	160	—	—	25	31	—	460	560	—
49	S. E. Nichols (N.Y.)	266	247	6.8	2.5	42	44	—	3,169	3,320	—
50	TSS-Seedman's (N.Y.)	255*	235*	—	—	18	18	0	1,469	1,469	0
51	Lucky Auto Div. (Ariz.)	250*	225*	—	—	439	486	—	1,681	1,885	—
52	Hit or Miss (Mass.)	236*	174*	54.8[S]	46.9[S]	375	375	45	1,425	1,425	171
53	Pic 'N Save	227	177	36.5	27.0	85	90	5	1,275	1,350	75
54	Lechmere (Mass.)	227	188	—	—	6	7	2	790	890	254
55	Grand Central (Utah)	224[I]	230	(1.7)	(3.0)	32	32	—	2,021	2,021	—
56	Burlington Coat (N.J.)	220	131	12.0	6.9	51	72	—	2,142	3,024	—
57	Fishers Big Wheel	215	193	—	—	67	73	6	2,412	2,628	216
58	Pic-A-Dilly/It's-A-Dilly (Calif.)	212*	206*	—	—	253	265	—	961	1,007	—
59	Bi-Mart (Ore.)	207	187	—	—	32	33	2	960	990	54
60	Clover (Pa.)	205*	180*	—	—	18	19	0	1,170	1,231	0
61	Ann & Hope (R.I.)	205*	185*	—	—	6	6	—	900	900	—
62	Lionel Leisure (Pa.)	198[K]	178	2.0	1.6	53	53	1	1,325	1,325	50
63	Syms (N.Y.)	179	147	10.3	7.5	11	14	—	421	561	—
64	Pacific Stereo (Calif.)	170*	153*	—	—	82	87	—	385	410	—
65	Makro (Ohio)	162	118	—	—	4	4	—	700	700	—
66	Gee Bee (Pa.)	155	137	9.8**	7.1**	19	21	—	1,501	1,659	—
67	Filene's Basement (Mass.)	151	119	—	—	14	14	—	490	490	—
68	Big 5 (Calif.)	150*	125*	—	—	70	70	—	700	700	—
69	Harts (Ohio)	146[BJ]	139	—	—	27	27	—	1,302	1,302	—
70	L. Luria & Son (Fla.)	145[P]	124	—	5.6	30	34	4	300	340	40
71	Danners (Ind.)	143	138	(0.9)	0.4	35	35	1	1,488	1,488	43
72	Gordon Jewelers (Tex.)	142	142	14.9**	16.3**	49	57	5	625	727	64
73	Grand Auto (Calif.)	140	122	5.1	3.5	84	84	—	756	756	—
74	Crazy Eddie (N.Y.)	140*[P]	111	—	1.0	13	15	3	69	79	16
75	The Federated Group (Calif.)	138	89	6.1	1.0	20	28	—	463	621	—
76	W. Bell (Md.)	138*[P]	125	—	2.7	18	18	2	180	180	20
77	Quality Stores (Mich.)	134	113	—	—	39	39	5	795	801	100
78	Rich's (Mass.)	130	105	—	—	15	16	2	1,000	1,075	125
79	Gaylords (N.J.)	123[M]	115	1.1	0.8	32	34	4	1,920	2,030	220
80	Jewelcor (Pa.)	121	121	7.5**	6.7**	24	25	1	420	438	18
81	Prange Way (Wis.)	120	113	—	—	18	20	1	1,133	1,265	40
82	Sky City (N.C.)	115*	105*	—	—	73	73	—	2,555	2,555	—
83	Smitty's (Ariz.)	115[I]	103	—	—	20	20	2	1,600	1,600	—
84	Modell's (N.Y.)	107	93	—	—	6	6	1	675	675	90
85	McDade & Co. (Ill.)	105*	100*	—	—	7	8	—	280	320	—
86	Newmark & Lewis (N.Y.)	100	65	—	—	24	27	—	240	270	—
87	Al International (N.Y.)	100[N]	35	—	—	85	175	—	281	578	—
88	Luskin's (Md.)	95*	82*	—	—	23	23	—	214	214	—
89	Sunset Sports (Utah)	95*	90*	—	—	38	38	2	456	456	24
90	Nationwise (Ohio)	92*	80*	—	—	135	150	—	405	450	—
91	Swallens (Ohio)	92	80	0.6	0.2	7	8	2	581	591	60
92	Sportmart (Ill.)	90*	68*	—	—	11	11	—	450	450	—
93	T. H. Mandy (Va.)	84	77	—	—	16	18	—	192	216	—
94	J. W. Mays (N.Y.)	82[IK]	129	(0.5)	(12.0)	4	4	0	1,060	1,060	—
95	Ross Stores (Calif.)	80	15	—	—	26	51	30	780	1,530	900
96	Brendles (N.C.)	80	75	—	—	19	20	2	665	700	70
97	Sterling Jewelers (Tex.)	78*	75*	—	—	5	5	0	130	130	0
98	David Weis (Pa.)	75*	70*	—	—	11	11	2	330	330	60
99	Whitlock (N.Y.)	75*	65*	—	—	74	84	—	592	672	—
100	G.I. Joe (Ore.)	75	70	1.0	0.8	8	9	0	350	400	0

*DSN estimate. **Operating income. [A]Includes United States and Canadian K marts; earnings for the entire corporation. [B]Excludes leased departments. [C]Gross square footage. [D]Includes $34 million from sale of 53 variety stores. [E]Includes sales from 42 King's stores. [F]For fiscal year ended 8/83. [G]Average selling space for 216 company-owned stores only. [H]Relocated one unit. [I]For fiscal year ended 7/83. [J]United States stores only. [K]Operated in Chapter 11. [L]Includes sales from 48 Magic Marts. [M]Excludes sales from Tower Catalog showrooms. [N]Includes sales from Automotive Warehouse Inc. and Borden Aicklen Auto Supply. [P]Fiscal year ended at presstime; figures not available. [Q]Includes partial year sales from Basco and Modern Merchandising acquisitions. [R]Operating income Federated Dept. Stores' mass merchandising division. [S]Operating income Zayre's specialty store division.

Source: DSN Research

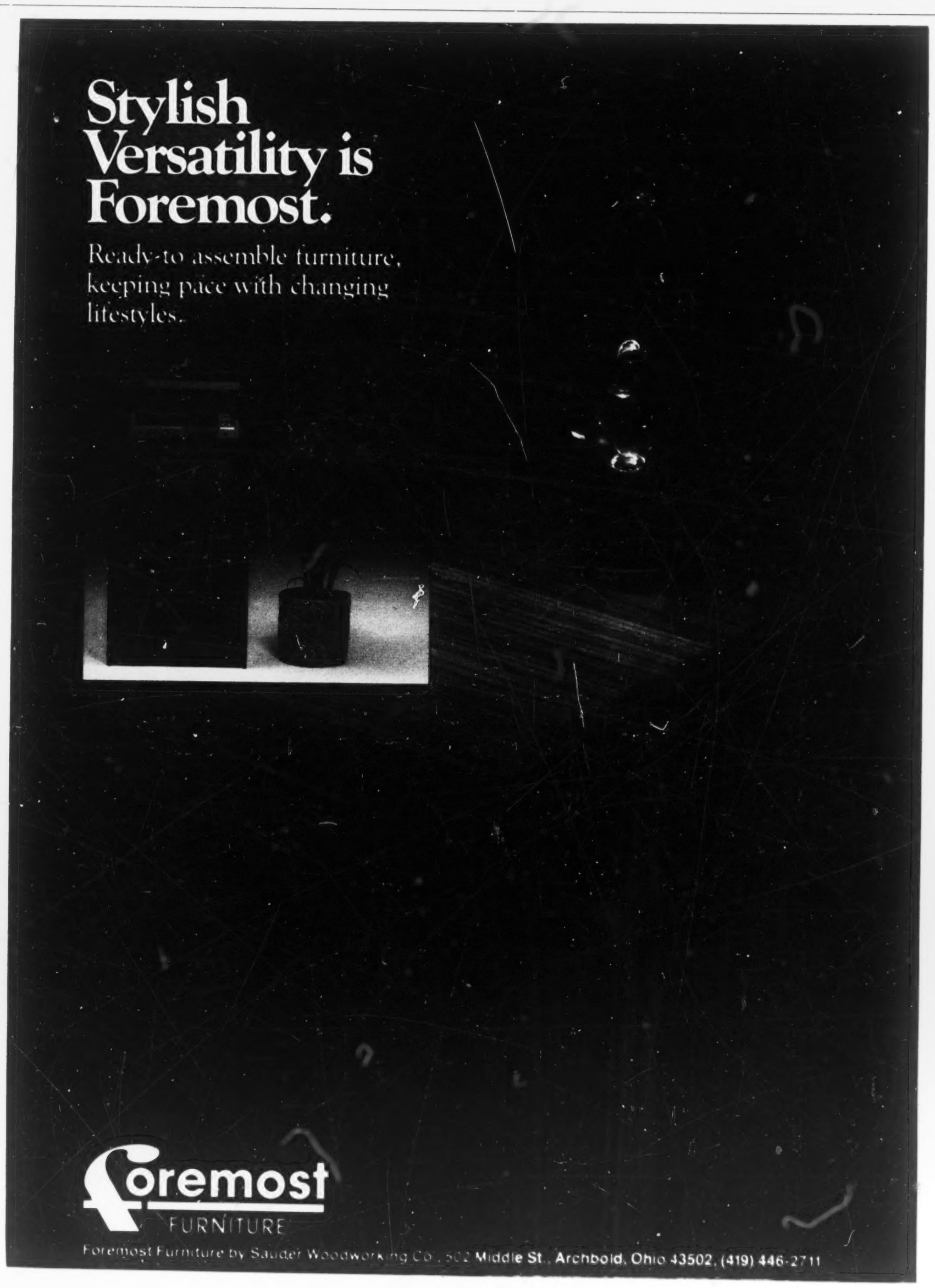
CENSUS '84, '85

Full-line Discounters' Sales Keep Rising

YEAR	TOTAL SALES IN BILLIONS	TOTAL STORES	NET GAIN (LOSS) OF STORES	TOTAL SQ. FT. IN MILLIONS	DOLLARS PER SQ. FT.	AVG. SALES PER STORE IN MILLIONS	AVG. STORE SIZE IN THOUSANDS OF SQ. FT.
1984	$79.20*	8,109	(108)	604	$131.19*	$9.76*	74.44
1983	73.30*	8,217	(65)	579	126.51*	8.92*	70.51
1982	66.60*	8,282	118	584	114.05*	8.04*	70.50
1981	66.60	8,164	428	576	115.58	8.15	70.58
1980	60.50	7,736	470	546	110.79	7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

*Doesn't include sales from discounter supermarkets. (a) Reflects 18-month period ended Dec. 31, 1974.

(Source: DSN Research)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With economic recovery in most of the nation continuing, the discount department store industry continues to strengthen even as consolidation in the number of chains and stores takes place.

The net loss in the number of stores in operation accelerated this year, with total store count projected to decline 108 to 8,109. However, the industry's sales will rise to an estimated $79.2 billion, an 8% increase over the healthy gains recorded in 1983.

Sales per store will rise at a higher rate—by 9.4% to a projected $9.76 million industry average. Significantly, for the first time in many years the average store size also is projected to increase substantially.

After almost steadily declining growth in size to the mid-1970's, full-line discounters reported larger store sizes on average this year, as chains opted for larger, existing units rather than undertaking their own construction.

One of the most productive merchandise categories for discounters continues to be ladies' apparel. Industry sales will rise $1 billion to $14.3 billion in 1984, with average sales per square foot estimated to reach $176.35.

Even greater percentage increases are projected for men's and boys' wear where the total sales in discount stores are projected to reach $8.2 billion, a 10.8% increase.

Brand names helped fuel not only apparel sales gains but continued the momentum of health and beauty aids and housewares, two other key traffic and image departments for discounters.

Consumers are expected to spend an additional $400 million on H&BA products in discount stores this year to bring total sales to $5.6 billion. In housewares, a fashion emphasis and higher price point acceptance by consumers will also result in a $400 million gain for discounters. Total industry volume on housewares is anticipated to reach $6.3 billion.

Chains nationally are buoyed by the apparent return of consumer confidence, as evidenced in the acceptance of record price points in many departments, especially leisure-related products or merchandise with a trendy, fashion image.

CENSUS '84/'85

Southeast No. 1 With 22% Of Total Discount Footage

Region	Proj. No. Stores All Discounters 12/84	% of Total	Proj. Net Selling Sq. Footage All Discounters (add 000) 12/84	% of Total
SOUTHEAST Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	4,695	20.9	176,724	22.0
EAST CENTRAL Ill., Ind., Mich., Ohio, Wis.	3,504	15.6	142,333	17.7
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	3,073	13.7	119,161	14.8
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	3,728	16.6	123,523	15.4
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., N.D., S.D.	1,872	8.3	72,738	9.1
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	2,191	9.8	72,717	9.0
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	2,309	10.3	66,266	8.3
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	1,071	4.8	29,360	3.7
TOTAL	22,443	100.0	802,822	100.0

Source: DSN research

Nationwide DSN Report

Leading regions for total discount retail space are the Southeast, Middle Atlantic and East Central parts of the country.

Together, these areas account for 53.1% of net selling square footage among all discounters in 1984—including full-liners, catalogers, off-pricers and specialty toy, sporting goods, automotive and consumer electronics chains.

Concentration in these parts of the United States—where 26 of the nation's top 50 metro markets are located—reflects the pursuit of densely populated areas by most specialty chains.

Discount department stores have long established fronts in these regions, though in largely suburban and rural areas. Younger specialty discounters—which already account for more than half the nation's total of discount outlets—continue to rapidly fill in dense target areas left unfilled by fill-liners.

The Southeast commands the country's greatest amount of retail discount space with 22% of footage, or a total of 176,724 sq. ft.

The region's store count of 4,695 is also the highest, and accounts for 20.9% of the total industry.

In the Middle Atlantic region, 3,728 stores make up 16.6% of the industry total, though its footage accounts for a slightly lower 15.4% share of the nation's discount retail selling space.

The East Central region ranks third in store count, with 3,504 units or 15.6% of the the industry total, but second in total footage. Its 142,333 sq. ft. of discount space translates into a 17.7% share of the industry.

In the nation's second Sunbelt region, the Southwest, 3,073 discount outlets represent 13.7% of the industry. Its 119,161 sq. ft. of net selling space achieves a slightly higher 14.8% share.

The New England region also accounts for a double digit share of store count, at 10.3%, though its footage contribution is weaker at 8.3%.

Discounter penetration is less in the West Central, Pacific and Mountain parts of the country.

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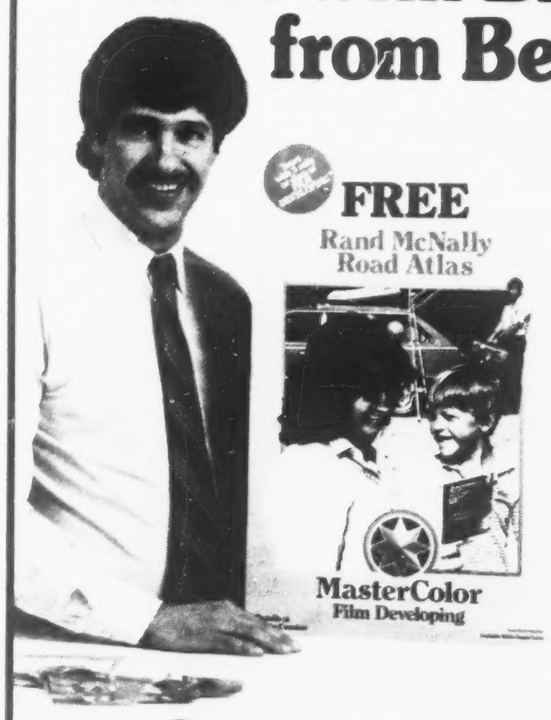

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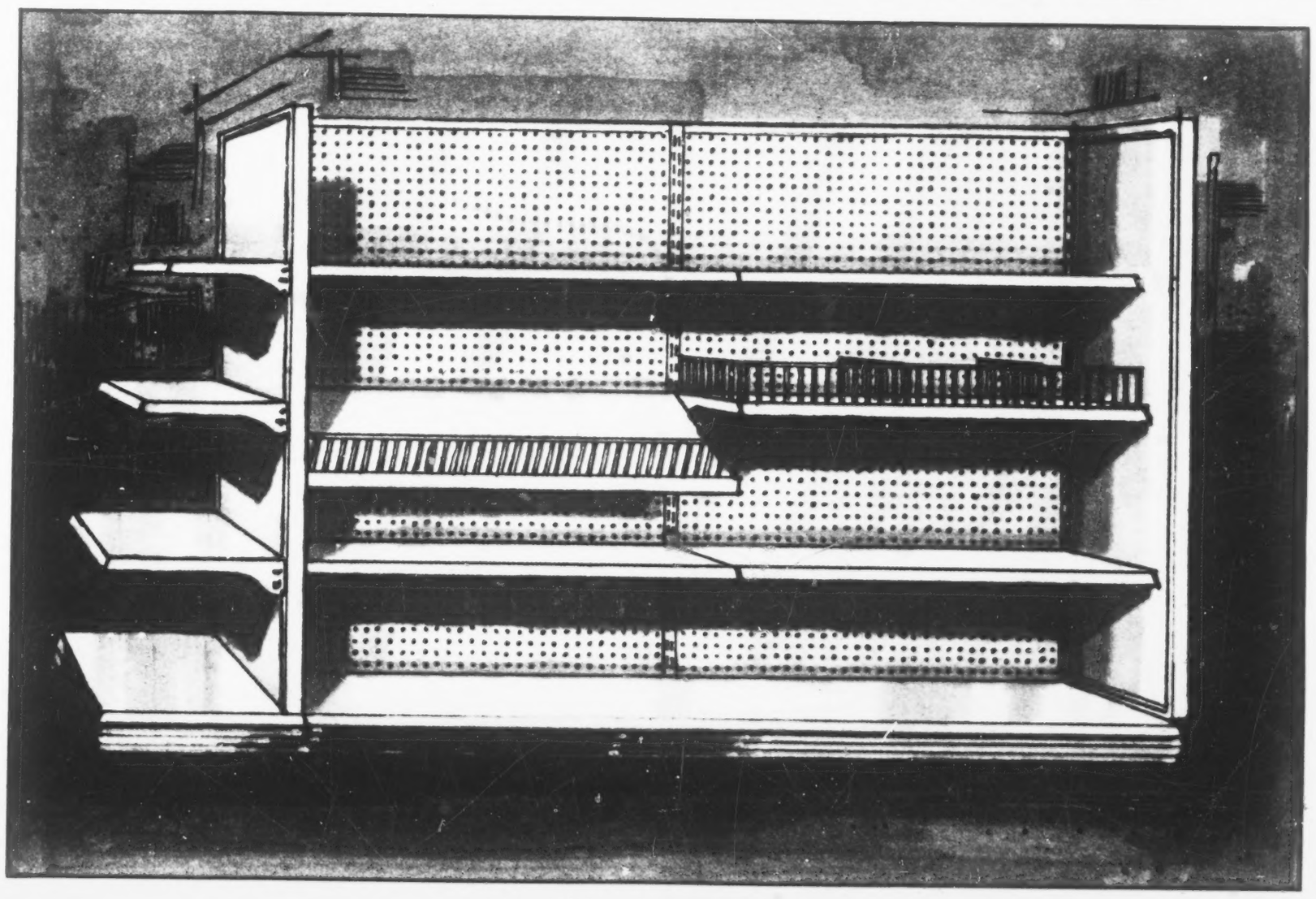

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84/DSN-2

CENSUS '84, '85

Small-size Full-line Stores Lose Ground

Gross Square Footage	Projected Dec. 31, 1984		As of Dec. 31, 1983		% Change in No. of Stores Projected 1984 vs. 1983
	No. of Stores	% of Total	No. of Stores	% of Total	
10,000 to 19,999	622	7.7	638	7.8	– 2.5
20,000 to 29,999	535	6.6	555	6.8	– 3.6
30,000 to 39,999	631	7.8	696	8.4	– 9.3
40,000 to 49,999	1,035	12.8	1,023	12.4	+ 0.1
50,000 to 59,999	748	9.2	783	9.5	– 4.5
60,000 to 69,999	881	10.9	881	10.7	NC
70,000 to 79,999	613	7.6	613	7.4	NC
80,000 to 89,999	873	10.8	888	10.8	– 1.7
90,000 to 99,999	314	3.9	283	3.4	+11.0
100,000 to 119,999	1,342	16.5	1,342	16.3	NC
120,000 to 139,999	185	2.3	185	2.3	NC
140,000 to 149,999	57	0.7	57	0.7	NC
150,000 to 199,999	191	2.4	191	2.3	NC
200,000 and larger	82	1.0	82	1.0	NC
TOTAL	8,109	100.0	8,217	100.0	– 1.3

NC = No change.

Source: *DSN* Research

Nationwide DSN Report

Small-size stores are losing some steam in 1984.

Nearly all of the 108 discount department stores that make up the industry's net loss in store count this year were smaller than 60,000 sq. ft.

The net unit count of stores larger than 60,000 sq. ft. is showing slight growth and representing a larger share of the industry's outlets.

Consolidation among full-line discounters is helping to raise the average size of stores. Large-unit operators such as Target, Caldor, Bradlees and Hills continue to scoop up shuttered sites at a brisk pace. Many discounters are reopening dormant Woolco stores. Still other chains are enlarging their own existing units.

As large locations are reopened under new banners, the total number of stores larger than 60,000 sq. ft. is rebounding.

This year's shift in store size leaves the industry with 56% of its stores larger than 60,000 sq. ft., up from 55.1% in 1983 and 55.3% in 1982.

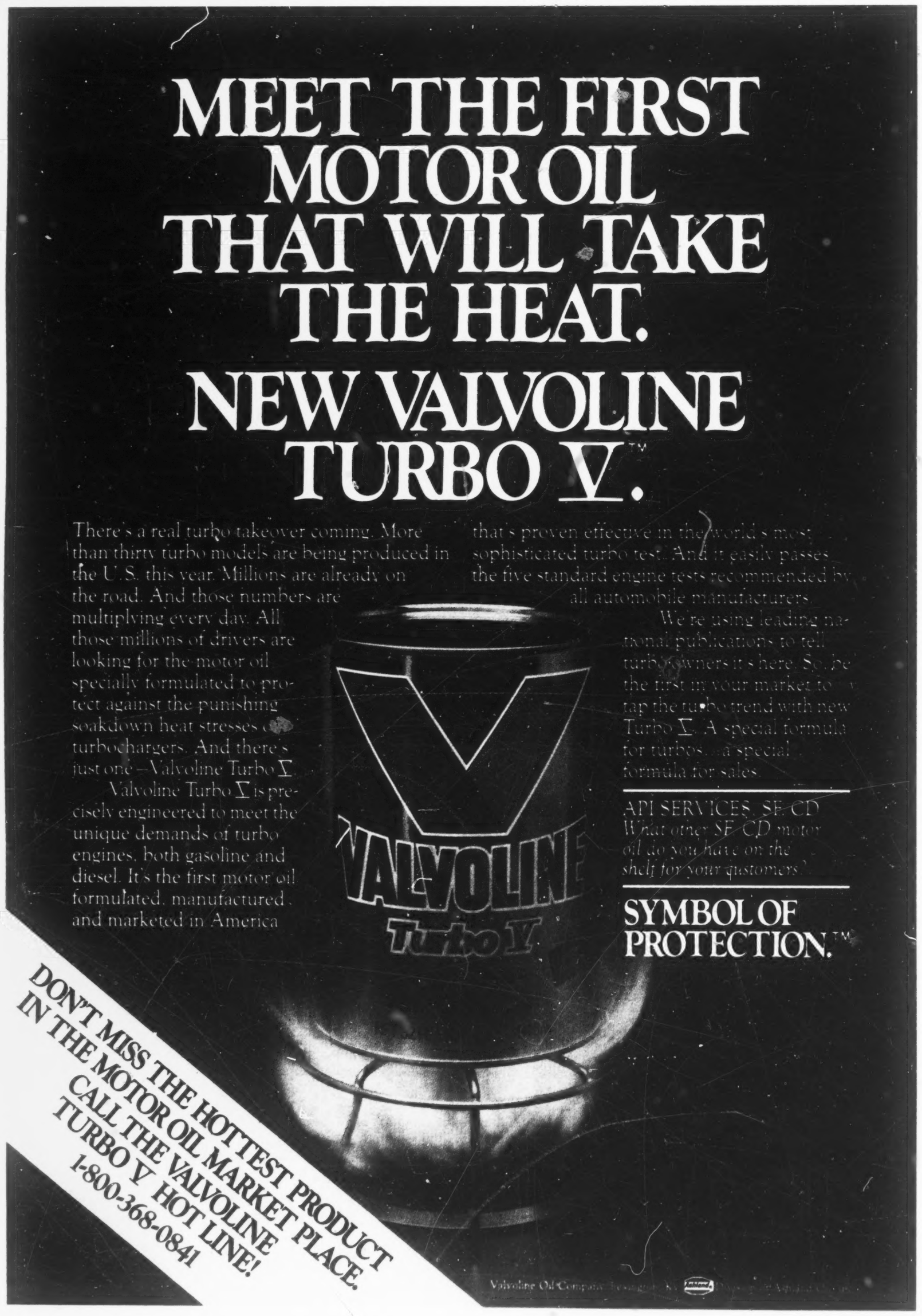
The only substantial gain in store numbers in any size range is in the 90,000-99,999-sq.-ft. range. At the close of this year, 31 more stores of this size will be operating.

A smaller, 12-unit increase will occur this year in the 40,000-49,999-sq.-ft. range, the industry's second most prominent size segment, reflecting the rural and exurban strengths. Its share of total store count is expected to rise to 12.8%, compared with 12.4%.

The greatest number of store closings this year is in the 30,000-39,999-sq.-ft. range, where a net loss of 65 stores translates into a 9.3% decline. The second hardest hit segment, the 50,000-59,999-sq.-ft. range, shows a 4.5% net decline, in part reflecting Cook United's shuttering of more than 40 units. Both segments, which were stable last year, now combine for a 17% share of total industry store count, down from 17.9% a year ago.

One large-size segment, the 80,000-89,999-sq.-ft. range, is losing 15 stores this year, a 1.7% decline.

The count of stores larger than 100,000 sq. ft. is expected to be stable at 1,857 units throughout 1984.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CENSUS '84/'85

Discount Industry by Metro Market

Top Metro Markets	Proj. 1984 No. Stores All Discounters	Proj. 1984 No. Stores Full-line Discounters Only	Proj. 1984 Sq. Footage All Discounters (add 000)	Proj. 1984 Sq. Footage Full-line Discounters Only (Add 000)	Proj. 1984 Total Sales All Discounters (millions)	Proj. 1984 Full-line Discounters Sales Only (millions)	Population*	Density (Sq. Ft. Per Person) All Discounters	No. of Households	Effective Buying Income Per Household*
New York	310	81	10,483	6,030	$1,375	$ 794	8,241,800	1.27	3,238,100	$22,603
Los Angeles	326	120	11,895	8,933	1,649	1,176	7,719,100	1.54	2,826,300	25,280
Chicago	400	168	16,312	12,506	2,228	1,646	6,028,500	2.71	2,211,900	27,453
Philadelphia	290	114	11,354	8,486	1,557	1,117	4,725,100	2.40	1,696,500	26,120
Detroit	269	72	8,295	5,360	1,179	706	4,346,900	1.91	1,551,500	27,435
Boston	350	114	11,927	8,486	1,668	1,117	3,652,800	3.27	1,336,000	27,633
District of Columbia	283	62	8,260	4,615	1,162	608	3,363,000	2.46	1,236,600	33,236
Houston	265	83	9,435	6,179	1,324	813	3,150,800	2.99	1,143,100	28,588
Nassau-Suffolk, N.Y.	240	53	7,100	3,945	997	519	2,665,900	2.66	851,100	38,427
Atlanta	249	46	6,361	3,424	924	451	2,320,000	2.74	839,700	25,804
Baltimore	229	49	6,066	3,648	884	480	2,248,600	2.70	799,300	25,938
Minneapolis-St. Paul	223	46	5,799	3,424	845	451	2,200,200	2.64	810,300	29,316
Dallas	240	56	6,844	4,169	977	549	2,182,000	3.14	812,400	26,519
Pittsburgh	203	76	7,572	5,657	1,048	745	2,176,300	3.48	830,300	24,366
Anaheim-Santa Ana	143	59	5,547	4,392	768	578	2,129,400	2.61	780,600	32,715
San Diego	137	36	4,072	2,680	584	353	2,036,100	2.00	749,300	24,996
Newark	181	38	4,992	2,829	715	372	1,868,800	2.67	660,500	30,429
Oakland	120	38	4,341	2,829	594	372	1,847,600	2.35	717,000	29,046
Cleveland	205	57	6,285	4,243	894	559	1,843,300	3.41	703,600	24,823
St. Louis	207	56	6,242	4,169	891	549	1,812,000	3.44	662,500	26,647
Tampa-St. Petersburg-Clearwater	163	42	5,027	3,127	707	412	1,787,800	2.81	732,900	19,903
Miami-Hialeah	192	32	4,353	2,382	641	314	1,764,500	2.47	645,900	21,756
Riverside-San Bernardino	96	26	2,886	1,935	432	255	1,751,600	1.65	628,600	23,356
Phoenix	172	36	4,572	2,680	665	353	1,681,800	2.72	640,000	23,131
Seattle	210	46	5,771	3,424	873	481	1,675,400	3.44	657,800	28,332
Denver	199	31	4,604	2,308	559	304	1,580,100	2.91	619,000	27,647
San Francisco	98	22	2,898	1,638	407	216	1,507,200	1.92	631,500	28,876
Cincinnati	136	57	5,364	4,243	740	559	1,395,000	3.85	519,100	24,753
San Jose	104	34	3,736	2,531	514	333	1,390,900	2.69	509,000	33,780
Milwaukee	153	37	4,249	2,754	618	363	1,389,200	3.06	516,000	27,454
New Orleans	184	45	5,272	3,350	758	441	1,330,500	3.96	487,200	22,348
Bergen-Passaic	185	23	3,963	1,712	588	225	1,277,400	3.10	462,500	32,413
Columbus, Ohio	136	43	4,407	3,201	626	421	1,263,400	3.49	479,700	23,527
Sacramento	79	26	2,814	1,935	387	255	1,217,500	2.31	478,300	24,288
Norfolk	149	36	4,294	2,680	615	353	1,210,700	3.55	412,100	22,960
Indianapolis	156	48	5,037	3,573	713	470	1,180,400	4.27	428,600	24,831
San Antonio	130	40	4,321	2,978	605	392	1,173,600	3.68	392,400	22,240
Portland, Ore.	179	44	4,965	3,275	724	431	1,125,600	4.41	445,600	23,926
Ft. Lauderdale-Hollywood	131	32	3,473	2,382	500	314	1,121,000	3.10	463,400	23,815
Ft. Worth-Arlington	129	40	4,306	2,978	603	392	1,085,800	3.97	396,800	25,748
Hartford	158	34	4,081	2,531	601	333	1,054,800	3.87	382,700	30,421
Charlotte-Gastonia-Rockhill	140	24	3,373	1,787	499	235	1,013,300	3.33	368,800	22,843
Salt Lake City-Ogden	127	31	3,597	2,308	518	304	1,008,100	3.57	322,100	24,502
Rochester, N.Y.	95	27	3,272	2,010	446	265	995,900	3.29	360,300	29,014
Buffalo	106	37	4,044	2,754	550	363	993,500	4.07	364,000	24,680
Louisville	131	34	3,864	2,531	552	333	964,700	4.01	355,800	23,177
Oklahoma City	97	38	3,739	2,829	514	372	954,600	3.92	360,600	24,262
Dayton-Springfield	84	29	2,899	2,159	406	284	925,600	3.13	352,500	23,724
Memphis	126	27	3,428	2,010	493	265	920,400	3.72	319,500	21,585
Kansas City, Mo.	124	38	4,150	2,829	577	372	913,700	4.54	350,600	24,311

*From 1984 Sales & Marketing Management *survey of buying power.*

Source: DSN *Research*

CENSUS '84/'85

Discount Industry Breakdown by State

States	Proj.* 1984 No. Stores All Discounters	Proj. 1984 No. Stores Full-line Discounters Only	Proj. 1984 Sq. Footage All Discounters (add 000)	Proj. 1984 Sq. Footage Full-line Discounters Only (add 000)	Density (Square Foot Per Person) All Discounters	Proj. 1984 Total Sales All Discounters (millions)	Proj. 1984 Full-line Discounters' Sales Only (millions)	Total U.S. Retail Sales** (add 000)	Total Discount Sales As % of Total Retail Sales
Alabama	363	189	16,759	11,205	4.19	$2,245	1,852	$ 16,835,999	13.3
Alaska	34	4	625	320	1.25	96	39	3,119,999	3.1
Arizona	375	111	11,724	8,663	3.88	1,625	1,087	13,379,620	12.1
Arkansas	362	210	17,605	11,895	7.49	2,366	2,058	10,491,000	22.6
California	1,385	463	49,599	40,614	1.96	6,704	4,537	140,496,994	4.8
Colorado	371	105	11,327	7,545	3.56	1,572	1,029	16,871,794	9.3
Connecticut	507	161	16,483	12,393	5.26	2,483	1,578	18,924,988	13.1
Delaware	213	29	4,406	2,586	7.24	643	284	3,080,997	20.9
D.C.	132	3	1,888	223	3.05	289	29	3,059,000	9.4
Florida	837	268	29,474	23,702	2.73	3,978	2,626	59,092,749	6.7
Georgia	522	182	17,975	16,047	3.11	2,543	1,784	26,465,182	9.6
Hawaii	58	17	1,735	878	1.68	244	167	5,361,996	4.6
Idaho	169	24	3,401	1,389	3.39	503	235	5,068,296	9.9
Illinois	784	350	32,551	27,805	2.83	4,390	3,430	56,422,590	7.8
Indiana	620	278	25,530	20,351	4.62	3,460	2,724	26,497,281	13.1
Iowa	217	136	11,538	7,382	3.93	1,531	1,333	14,598,693	10.5
Kansas	211	138	11,599	8,542	4.77	1,536	1,352	11,909,593	12.9
Kentucky	443	180	16,781	11,445	4.47	2,292	1,764	17,214,201	13.3
Louisiana	512	177	18,012	10,204	4.03	2,459	1,735	19,412,698	12.7
Maine	231	49	5,939	3,173	5.15	839	480	6,778,499	12.4
Maryland	448	122	13,691	9,721	3.16	1,892	1,196	23,448,096	8.1
Massachusetts	897	257	27,404	18,539	4.75	3,808	2,519	34,652,979	11.0
Michigan	619	261	25,121	22,617	2.75	3,392	2,607	44,657,436	5.8
Minnesota	441	135	13,892	9,029	3.33	1,928	1,323	22,102,586	8.7
Mississippi	316	129	11,950	6,971	4.59	1,634	1,264	9,501,199	17.2
Missouri	471	204	18,777	19,462	3.76	2,551	1,999	26,132,783	9.8
Montana	109	19	2,663	1,139	3.24	377	186	4,917,695	7.7
Nebraska	188	92	8,159	5,795	5.09	1,101	902	8,115,100	13.6
Nevada	161	29	3,916	1,958	4.33	554	284	5,997,896	9.2
New Hampshire	212	64	6,854	4,189	7.11	942	627	6,110,998	15.4
New Jersey	798	199	23,099	19,701	3.09	3,208	1,950	40,473,188	7.9
New Mexico	237	78	7,911	5,378	5.58	1,096	764	6,888,700	15.9
New York	1,252	431	40,028	37,689	2.26	6,115	4,223	81,561,943	7.5
North Carolina	506	210	20,339	14,592	3.32	2,738	2,058	28,827,180	9.5
North Dakota	171	36	4,211	1,743	6.13	603	352	3,418,999	17.6
Ohio	1,031	505	44,820	39,308	4.16	6,051	4,949	50,755,270	11.9
Oklahoma	363	133	12,965	7,771	3.88	1,776	1,303	15,776,494	11.3
Oregon	306	99	9,865	6,787	3.69	1,371	970	14,879,990	9.2
Pennsylvania	885	439	40,411	33,650	3.39	5,390	4,302	54,351,789	9.9
Rhode Island	238	36	5,120	3,039	5.37	742	353	4,913,000	15.1
South Carolina	348	123	12,426	7,893	3.76	1,694	1,205	13,677,293	12.4
South Dakota	173	39	4,562	1,702	6.46	644	382	3,618,991	17.8
Tennessee	472	199	18,796	11,741	3.98	2,544	1,950	21,982,888	11.6
Texas	1,224	535	50,944	40,115	3.20	6,843	5,243	88,318,633	7.7
Utah	135	42	4,505	2,796	2.74	617	411	7,122,498	8.7
Vermont	224	29	4,466	1,648	8.44	657	284	3,136,001	21.0
Virginia	550	205	20,387	15,570	3.65	2,770	2,009	29,132,978	9.5
Washington	408	92	10,893	6,880	2.51	1,533	902	22,748,891	6.7
West Virginia	338	120	11,837	7,094	6.00	1,623	1,176	9,732,993	16.7
Wisconsin	450	142	14,311	10,919	3.00	1,990	1,392	21,068,595	9.4
Wyoming	126	31	3,548	1,537	6.86	495	304	3,282,000	15.1

**DSN estimate based on average per-store sales projected for the calendar year.*

***Total retail sales taken from the 1984* Sales & Marketing Management *survey of buying power.*

Sales and Size of Top 25 Specialty Chains

Rank	Chain	Sales (millions) Fiscal 1983	Sales (millions) Fiscal 1982	Number of Units 1/84	Number of Units 12/84	Number of Units Proj. for '85*	Net Selling Square Footage (Add 000) 1/84	Net Selling Square Footage (Add 000) 12/84	Net Selling Square Footage (Add 000) Proj. for '85
1	Toys "R" Us (N.J.)	$1,320	$1,042	169	199	—	4,400	5,200	—
2	Marshalls (Mass.)	1,061	830	174	210	—	4,176	5,040	—
3	Western Auto (Mo.)	560	519	2,556	2,596	—	1,512[A]	1,512[A]	—
4	T. J. Maxx (Mass.)	475*	350*	118	118	35	2,773	2,773	823
5	Child World (Mass.)	360	283	90	104	—	2,250	2,600	—
6	Circuit City (Wards) (Va.)	357	303	98	113	—	357	495	—
7	Pep Boys (Pa.)	306	265	124	140	—	2,480	2,800	—
8	Loehmann's (N.Y.)	285*	260*	66	76	—	990	1,140	—
9	Oshman's (Tex.)	283	247	186	205	—	1,860	2,050	—
10	Kay Bee (Mass.)	281	183	456	516	—	1,596	1,806	—
11	Silo (Pa.)	275	184	72	107	—	648	963	—
12	Highland (Mich.)	270	160	25	31	—	460	560	—
13	Lucky Automotive Div. (Ariz.)	250*[B]	225*[B]	439	486	—	1,681	1,885	—
14	Hit or Miss (Mass.)	236*	174*	375	375	45	1,425	1,425	171
15	Lechmere (Mass.)	227	188	6	7	2	790	890	254
16	Burlington Coat (N.J.)	220	131	51	72	—	2,142	3,024	—
17	Pic-A Dilly/It's a Dilly (Calif.)	212*	206*	253	265	—	961	1,007	—
18	Lionel Leisure (Pa.)	198	178	53	53	1	1,325	1,325	50
19	Syms (N.Y.)	179	147	11	14	—	421	561	—
20	Pacific Stereo (Calif.)	170*	153*	82	87	—	385	410	—
21	Filene's Basement (Mass.)	151	119	14	14	—	490	490	—
22	Big 5 (Calif.)	150*	125*	70	70	—	700	700	—
23	Crazy Eddie (N.Y.)	140*	111	13	15	3	6,900	7,900	16
24	Grand Auto (Calif.)	140	122	84	84	—	756	756	—
25	The Federated Group (Calif.)	138	89	20	28	—	463	621	—

*DSN estimate. [A]Only includes net square footage from 216 company owned stores [B]Includes sales from Kragen, Checkers, Honey and Statewide

Source: DSN research

WHERE WILL YOUR BUSINESS COME FROM IN 1984?

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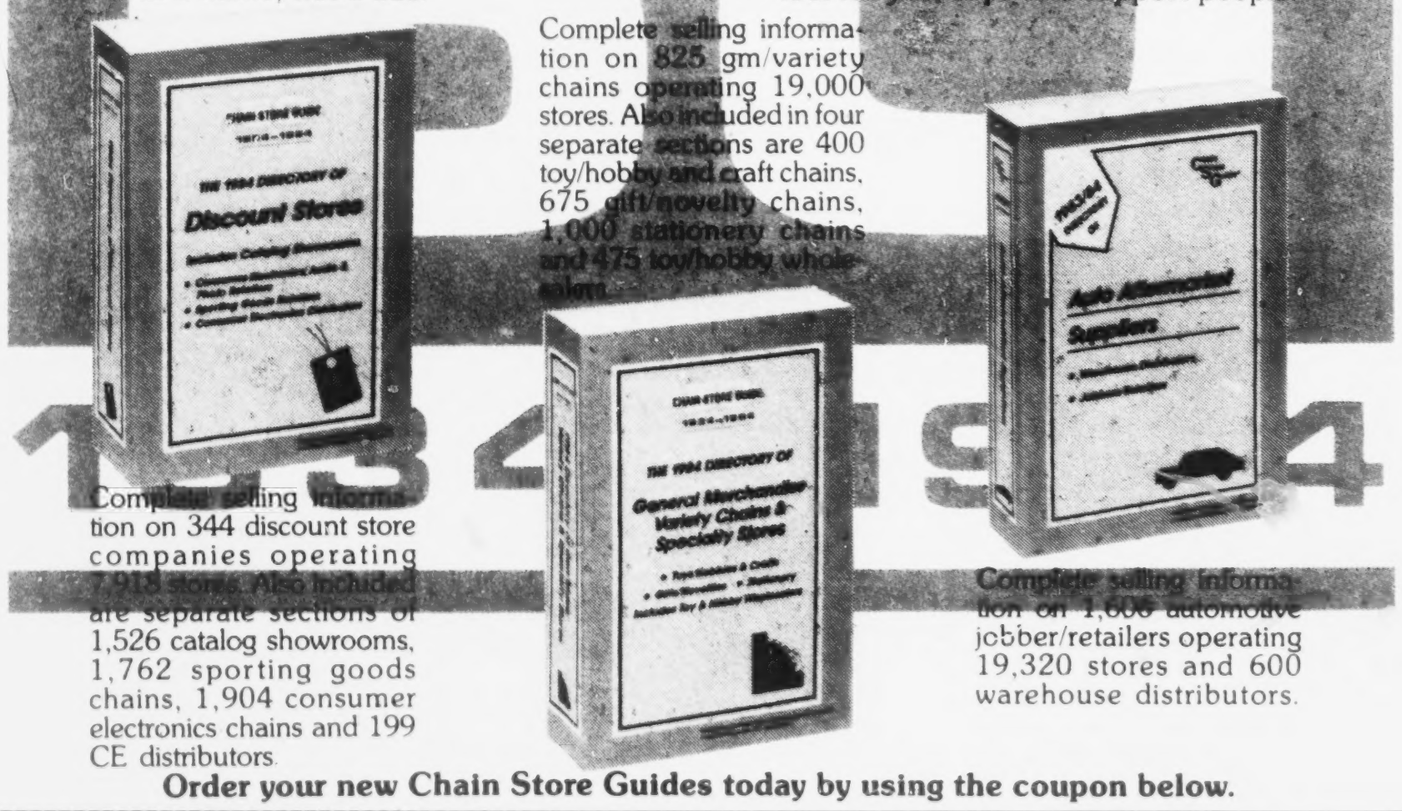

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Specialty Chains Eye $23 Billion

Nationwide DSN Report

Specialty retailers are expecting to account for $23 billion in sales this year.

The leaders in each merchandise segment share one common bond—the big keep getting bigger.

DSN's list of the top 25 specialty chains, ranked by volume, indicate the top chains, including Toys "R" Us, Marshalls, Western Auto, T. J. Maxx, Child World and Wards continue to expand, further bolstering already dominant market shares.

Figures Analyzed

The largest specialty segment, off-price apparel, is expected to hit $8.6 billion by year's end. Industry volume should finish 25% ahead of last year as more and more players make a bid for a share of the business. With that accelerated growth rate, there is also a growing concern that a shakeout is imminent.

A much watched early entry by Dayton Hudson, Plums, was among the first to fail, victim of a narrow-focused marketing strategy. Other more established ventures, however, continue to thrive. Zayre's T. J. Maxx and Hit or Miss both finished in the top 25 and are slated for a combined 80 openings in 1985.

Other newcomers in the field are also making their presence known. The San Francisco-based Ross Stores, which grew from eight units to 26 last year, will double its store count to 51 by year's end.

Most of the top performers are expanding their market presence in 1984 and nowhere is this more apparent than at Toys "R" Us, the No. 1 specialty retailer.

The toy giant saw a 27% gain in sales last year, bringing volume up to $1.3 billion, opening 25 new units and adding one new market, centered in Atlanta to its territory. This year 30 new stores are slated for openings, including in the greater Cincinnati market, as Toys "R" Us attempts to increase its 12½% share of total United States toy sales.

Sales Estimated

Marshalls, No. 2 on the chart, is again the leading chain in the off-price apparel segment and is projecting sales of $1.3 billion by year's end, almost a $300 million anticipated gain from last year's $1.061 billion. Now in 30 states with 174 stores, Marshalls will be entering two new markets this year —Birmingham and Seattle. The leading off-price retailer, like Toys "R" Us, will concentrate on clustering most of its 36 new units in existing markets.

The leading CE specialty chain, Circuit City (Wards), No. 6 on the chart, with its sights set on $500 million for the current fiscal year, will open 15 new units by year's end. Nine of the 15 openings will be in its superstore format, ranging in size from 30,000 sq. ft. to 40,000 sq. ft. The remaining six units will range in size from 4,000 sq. ft. to 7,000 sq. ft. Wards, like the other top chains, is going after market dominance, concentrating its growth in the Southeast. The company now operates 98 units in 12 states which accounted for $357 million in sales last year.

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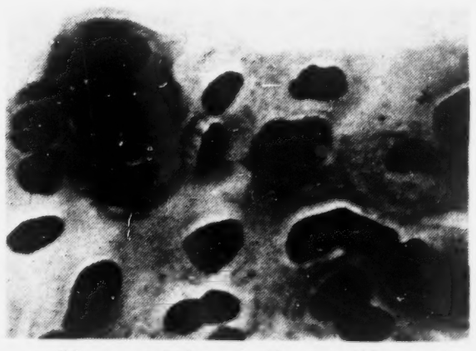

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CENSUS '84, '85

Leading Catalogers' Progress

Chain (Hq. and Coordinator)	Showroom $ Sales (millions) Last Completed Fiscal Year	Showroom $ Sales (millions) Previous Completed Fiscal Year	$ Net Profits (millions) Last Completed Fiscal Year	$ Net Profits (millions) Previous Completed Fiscal Year	Showrooms As of January 1984	Showrooms As of December 1984	Showrooms Openings Projected 1985
Best Products (Va.) (Independent)	2,081.3	1,581.7	37.1	28.8	196	204	10
Service Merchandise (Tenn.) (Independent)	1,458.1	1,195.3	44.9	31.6	158	175	20
H. J. Wilson (La.) (Independent)	514.4	458.2	8.8	5.6	79	79	5
Consumers Distributing (N.J.) (Independent)	369.7^A	309.0^A	(0.5)*^A	3.8*^A	134	161	25
Carlson Cos. (Iowa)‡ (Creative)	279.0	306.0	N.A.	N.A.	62	67	5
L. Luria & Son (Fla.) (Independent)	145.0	123.8	N.A.	5.6	30	34	4
Gordon Jewelry (Tex.) (Independent)	141.7	142.2	14.9*	16.3*	49	57	5
W. Bell (Md.) (Independent	138.0	125.4	N.A.	2.7	18	18	2
Jewelcor (Pa.) (Jewelcor)	121.2	120.7	7.5*	6.7*	24	25	1
McDade (Ill.)‡ (MAI)	105.0	100.0	N.A.	N.A.	7	8	0
Brendles (N.C.)‡ MAI	80.0	75.0	N.A.	N.A.	19	20	2
Sterling Jewelry (Tex.)‡ (Paul Schultz)	78.0	75.0	N.A.	N.A.	5	5	0
David Weis (Pa.)‡ (MAI)	75.0	70.0	N.A.	N.A.	11	11	2
Ellmans (Ga.) (Independent)	74.5	69.1	1.8	0.9	7	8	1
K's Merchandise (Ill.)‡ (Paul Schultz)	70.0	65.0	N.A.	N.A.	7	8	1
O. G. Wilson (Tex.) (Independent)	47.9	62.0	N.A.	N.A.	15	17	2
E. H. Tepe (Ind.)‡ (Creative)	47.0	45.0	N.A.	N.A.	9	9	1
Dahlkemper's (Pa.)‡ (Paul Schultz)	40.0	37.0	N.A.	N.A.	7	7	1
Evans (Md.)‡ (MAI)	40.0	34.0	N.A.	N.A.	4	5	1
Fred P. Gattas (Tenn.)‡ (MAI)	36.0	32.0	N.A.	N.A.	6	6	1

*N.A.—Not available. *Operating income. ‡Chain's volume estimated by DSN. ^In Canadian Dollars. Source: DSN research*

77 New Showrooms Projected For '84 by Top 20 Catalogers

Nationwide DSN Report

The nation's top 20 catalog showroom chains were major beneficiaries of last year's overall economic upturn and they were able to boost their sales 18.2% to $5,941,800,000 from $5,026,400,000.

These chains also increased the total number of showrooms they operate from 793 at the start of 1983 to 847 at the start of this year, a gain of 54 units or a 6.8% increase.

The catalogers project adding 77 showrooms during this year for a 9% jump in units, and the outlook for 1985 calls for 89 more units or a 9.6% boost.

The overall strong performance of the top 20 showroom chains was paced by the Big Two—Best Products and Service Merchandise—which increased their domination of the catalog industry.

Total sales of the Big Two went to $3.5394 billion or 59.6% of that generated by the Top 20 chains. That volume amounted to a 27.4% gain from the $2.7770 billion or 55.2% share recorded in the previous year.

A somewhat similar situation prevails in the number of showrooms. At the start of last year the duo had a total of 328 showrooms or 41.4% of those run by the Top 20 chains. They opened 26 showrooms, a 7.9% increase, to start this year with 354 units, or 41.8% of those by the Top 20.

The bright financial picture of the Top 20 glosses over the concern about the state of the industry noted at a number of chains. This centers on the fact that the showroom business has matured and its rate of growth during the past few years has dropped sharply from the early, booming years.

More and more catalogers are looking to boost their sales and profits through either (a) diversifying into other retailing fields and/or (b) adding categories to the showroom's mix to boost productivity.

Diversification is best exemplified by the Big Two: Best added Ashby's, an apparel specialty store chain, and Best Jewelry, a jewelry and giftware store arm, to its operations, while Service Merchandise has entered the warehouse home center field with HomeOwners Warehouse.

At the same time, clothing is due to be tested by H. J. Wilson, and is already being merchandised by David Weis, H. E. Tepe and the Yale's stores run by Carlson Cos. The latter is adding health and beauty aids to Ardan, a category long carried in the Edison division of Jewelcor.

Domestics is also being eyed by catalogers, with McDade's adding the category earlier this year to join Service Merchandise and H. J. Wilson which already carried this merchandise.

Murray's Opens 2nd in Toledo

SOUTHFIELD, Mich.—Murray's Discount Auto Stores has opened its second outlet in Toledo, bringing to 18 the number of stores operated by the Michigan-based chain.

The first Toledo store was opened in February.

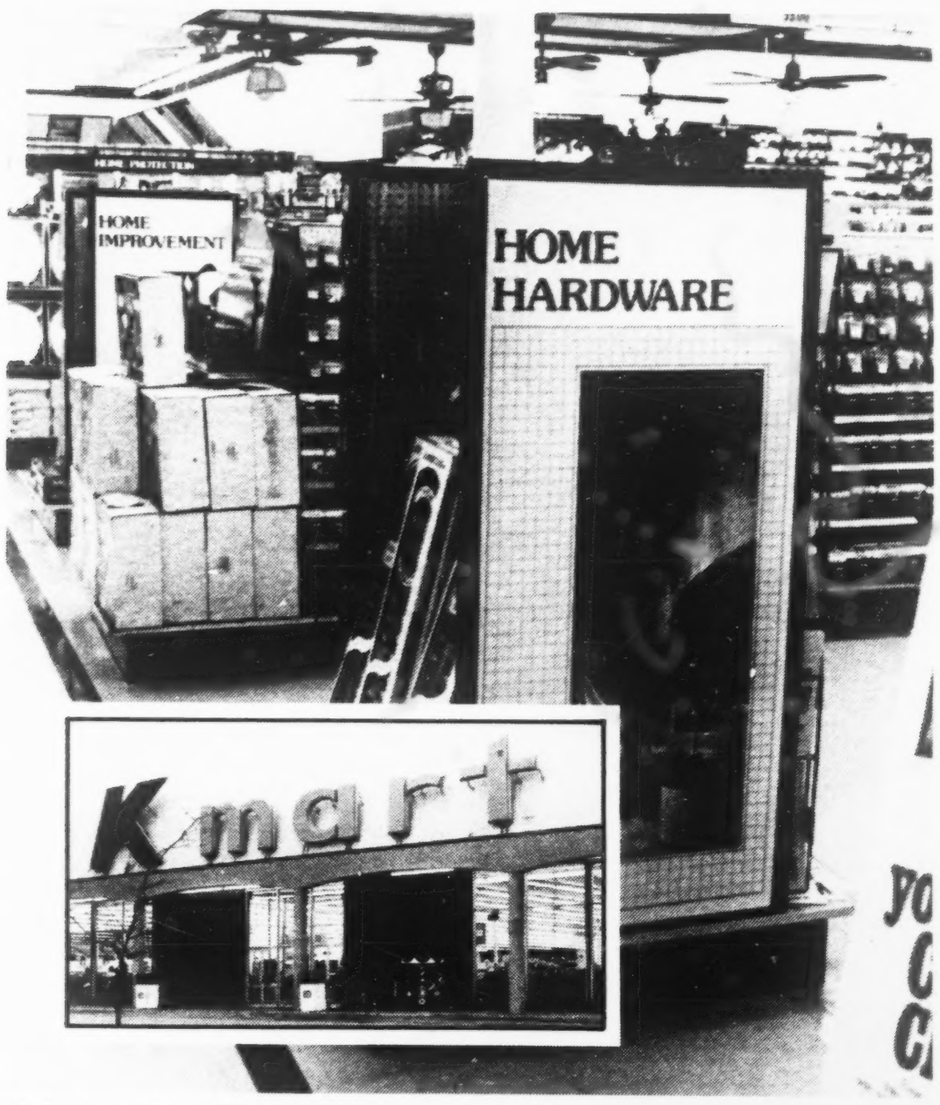
The chain's stores are styled like supermarkets with shopping carts and self-service.

Wayne Shotwell, manager of the new Toledo store, commented: "We have a full selection of everything for cars except tires."

Since opening its first store more than 12 years ago, Murray's has branched out through the Detroit Metropolitan Area and is now moving into northern Ohio.

CENSUS '84/'85

Broader Mix, Modular Displays Are Totally Transforming K mart



Cubes and endcap displays along with special illustrative panels are used to define areas within home care sections at K mart's latest prototype store, Rochester, Mich. *(DSN photo)*

TROY, Mich.—K mart has put together a new act and is taking it on the road.

The top-volume discounter is expanding on its previously narrow low-end positioning in favor of a broader assortment and more upscale "modular presentation."

K mart's store of the 80's, which debuted this spring in Rochester, Mich., is projected to boost last year's sales per square foot of $155 up to $200 by 1986, when the look will dominate the chain.

At the same time it totally reorients its discount stores, the company is strengthening its subsidiary businesses:

—This fall the company will open three warehouse home centers in Chicago, marking a brand new retail venture for the company.

—Also this year, the company is expanding its 26 in-store financial service centers operated by K mart Insurance Services into 95 stores in Florida and Texas. Long-term plans call for centers in all the chain's 2,160-plus stores.

—The '84 plans also include the expansion of the $33 million-volume Designer Depot off-price apparel stores from 29 in January to 59 by year's end. The newer Garment Rack stores launched as bare-bones off-price outlets late last year will also be expanded in limited markets.

New Strategy

—The chain is planning to open more Accents off-price home fashions and housewares stores, although no specific sites have been announced. The one-store test was unveiled last year in suburban Troy, near K mart's headquarters.

For the fiscal year ended Jan. 30, 1985, K mart's volume is expected to rise by about 10% over last year's $18.5 billion to some $20.7 billion. Within the discount operation (97% of total volume) the '84 plans include a reduced store expansion plan of about 30 openings compared to 71 in '83. By December, K mart expects to have 2,188 discount stores.

That slowed rate of unit growth will continue for the next several years, said K mart executives. Clearly, the giant chain's future volume gains will come from the roll-out of its refurbished units.

Some 75 K mart stores will be completely overhauled this year, to follow the latest prototype store. They will include units in the major markets of Atlanta, Denver, Chicago, Detroit and Buffalo, as well as some key stores in smaller markets.

The main features of the new K mart stores include:

—The addition of higher price points in almost every category resulting in broader assortments across the board.

—The combination of several individually tested "shop" presentations based on a new modular layout, which packs more goods per square foot.

—A new fashion push in apparel featuring freestanding focus walls, each housing items related to a specific mode of dress. There's also a revamped apparel mix of 12% brand names and several private label groupings targeted to a specific customer or lifestyle.

All told, 900 K marts will house one or more of the various new shop concepts—Home Fashion, Nutrition Center, Kitchen Korner, Sweet Shop, Wood and Brass (giftware), Home Electronics Centers, Home Care and updated fashion apparel—by the end of this year. The first of those modular shops were put into place last year as test runs.

Upward Spiral

By 1986, those modular departments will have changed the look of the bulk of all K mart stores, according to company executives. Sales on these newer modules are already running in excess of 10% to 15% higher than the older departments, in some cases. Therefore, the company is expecting return on assets to reach a minimum of 9% by 1988. In 1983, when the first of the modules was first tested, return rose to 6.7% from 3.9% in 1982.

Apparel is a key factor in the chain's plans to boost sales per square foot and return. In fact, apparel is projected to contribute at least 15% of this year's volume growth at the discount chain.

The impetus for the current upscaling efforts is based on the chain's consumer research that revealed although over half the nation's retail customers shop at K mart stores, they only bought certain basic items there.

The company's current plan proposes to change that by offering more higher-ticket goods, creating an updated environment conducive to the new merchandise.

This year the chain upped its ad budget by 18% to finance new four-color Sunday tabs, which this spring replaced black and white ROP ads in most markets. Now the chain spends upward of $500 million a year to spotlight departments such as Home Fashion or Kitchen Korner instead of only specific items.

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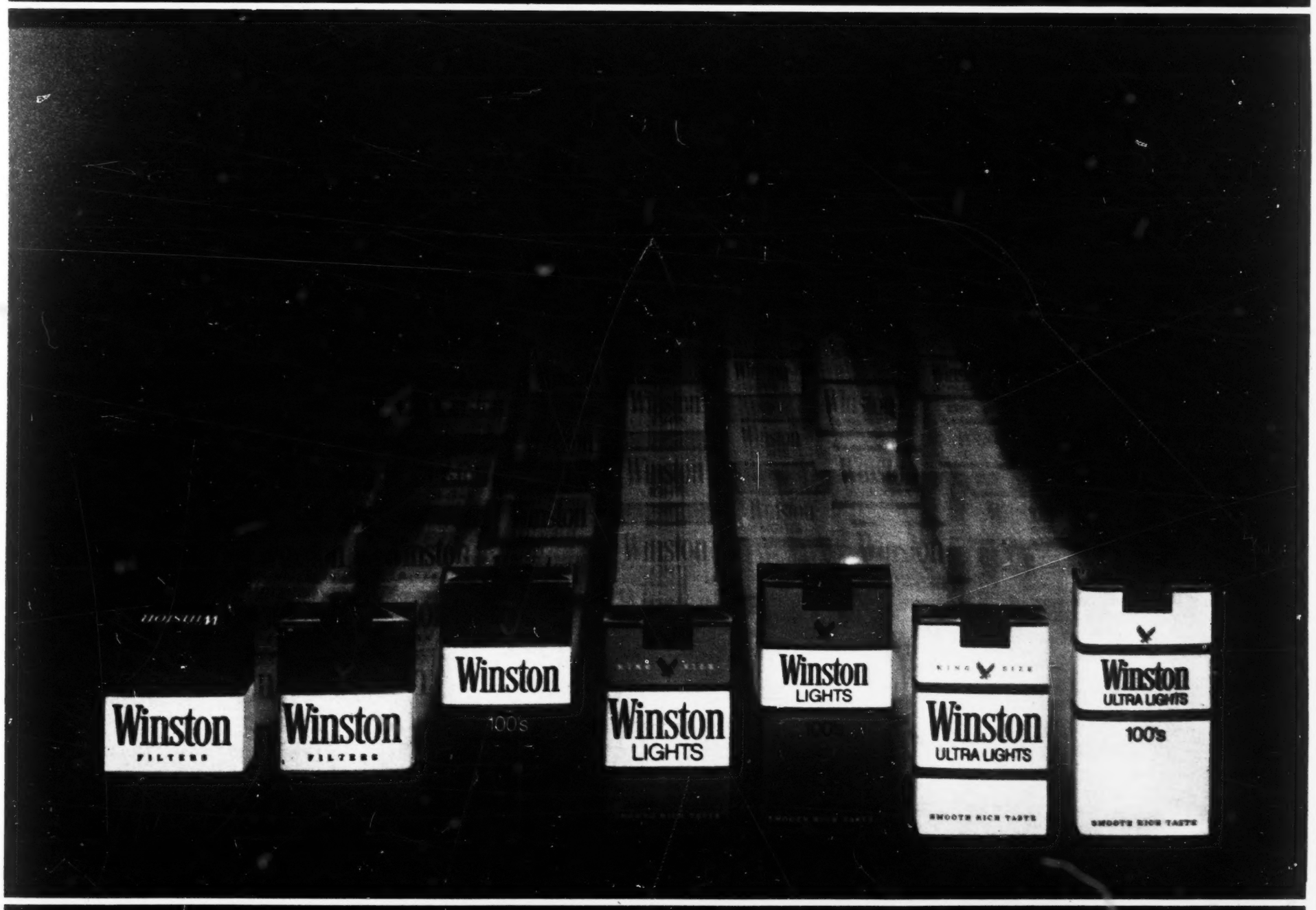

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CENSUS '84/'85

Conservative Growth: Hills Plans 7 Bows, 8 Store Enlargements

CANTON, Mass.—Slow and deliberate growth and experimentation will remain the hallmark at Hills with seven new stores, including a Dayton, Ohio, market entry, and eight major store enlargements planned this year.

The 116-store chain will also test several high margin hard lines areas and a licensed service department, while rolling out new adjacencies in women's apparel. All of it takes place against a backdrop of a continuing refixturization and upgrade program.

But, many of those changes will be only slight. By design, Hills is a long way from upscaling like a Bradlees or Target. The chain's success has been steeped in an unflagging loyalty to its basic presentations and store environments, lending to its value image, according to Stephen Goldberger, president. The goal has been simply to remain current in merchandise assortments and displays —no more, no less.

It's a success formula that has worked well for Hills over the years, providing it with steady, if not dramatic, gains.

Sales increased 15% for the fiscal year ended Jan. 28, 1984, growing to an estimated $1.03 billion from the previous year's $892 million. Much of that gain resulted from net openings of 17 stores during the year, including market entries into Evansville and Terre Haute, Ind., and Toledo, Ohio.

Operating income increased nearly 17% from approximately $71 million in 1983 to $83 million in the fiscal year ending in 1984.

Hills last year accounted for roughly 78% of the sales of parent company SCOA Industries.

Hills' sales in the previous fiscal year increased about 12%.

The chain's expansion policy has been marked by conservative growth.

The Dayton, Ohio, market entry, for example, falls between existing Hills stores in Middletown and Springfield. Hills views the three as separate markets from a media standpoint, however.

Three stores will open in Dayton—all takeovers from shuttered Rink's stores.

The remaining store openings will fall in existing Hills markets: Lockport, N.Y. (Buffalo); Maumee, Ohio (Toledo); Danville, Va. (Roanoke), and Charleston, W. Va.

The Danville store will be located in an enclosed shopping mall, presently under construction, where Hills will co-anchor with J. C. Penney and Leggett's Department Store. Unlike some other chains, Hills has never shied away from locating in enclosed malls, Goldberger pointed out.

The chain will also be constructing additions to eight older stores this year in order to bring their sales floors up to Hills' 80,000-sq.-ft. prototype. Additionally, 30-40 stores are slated to undergo minor upgrades or remodelings.

Hills' merchandising efforts will also undergo some changes this year, principally in women's apparel—historically one of its strongest areas. Several adjacencies are to be changed, among them there location of women's ready-to-wear to the main aisle, replacing lingerie, which will be pushed to the back of the department.

Additionally, cubes and feature racks will be added to women's sportswear on a selective basis as an adjunct to Hills' more traditional use of piperacks, Goldberger said. Those changes are to be completed in more than half the stores by September.

"We're not replacing the piperacks by any means," he explained. "Doing so would sacrifice their higher productivity. We're adding the cubes and feature racks just to stay up-to-date."

Similar programs have already been implemented in some men's wear categories.

Hill's captive labels—Appalachian Trail and Spring Harbor—will continue to be emphasized this year .

Though Hills is upgrading some of its apparel fixturing to include cubes and feature racks, long runs of piperacks will still dominate. The straight runs are used to enhance Hills' value image. *(DSN photo)*

TAKE ON

CENSUS '84/'85

West Coast Invasion Leaves Target on 'Roller-Coaster'

(Continued from page 3)

annual report stated. This impact can be found in the report's listing of Target's start-up expenses, which amounted to $16.3 million in 1982 (when the California stores were acquired and remodeling began) and $17.4 million last year (when most of the refurbishings were carried out and the stores opened). In 1981, Target revamped 40 Ayr-Ways and its start-up costs that year were only $12.6 million.

While the annual report specifically cited the remodelings and reopening of the 28 California stores as the keys to Target's start-up expenses, the discounter's move West involved another, just as vital, start-up factor: the opening of a regional distribution center in Rancho Cucamonga in the spring of 1983, and establishing of Region 2 as a new region for California and the Southwest.

One source noted that the regional distribution center had typical—but extensive—shakedown problems. However, they occurred as Target started to stock the California stores for their grand reopenings. The result was poor assortments and out-of-stocks that combined to hurt sales in San Diego and Los Angeles as Target bowed in both markets, facing long-entrenched Gemco, Fedco, K mart and Zodys.

Bruce G. Allbright
Chairman, ceo, Target

Target executives were fully aware of the challenge facing them in southern California, especially of the need to establish an identity and capture market share from the strong discounters—particularly Gemco—already there.

This effort is summed up as "a more competitive pricing strategy," the report noted, which, it also acknowledged "resulted in a slight reduction in the gross margin rate."

One source noted that most other southern California discounters matched Target's efforts to mark out a price leadership position for itself. Gemco, in fact, continued to play up its move to be more competitive in local spot TV, while directing its overall advertising effort to counter Target's entry into California.

Gemco's efforts via TV are evident from the $3.2 million the membership discounter spent on spot TV in Los Angeles in 1982, when it already knew Target was coming to that market, and the $3 million it spent last year when Target arrived.

Gemco's lower amount last year was still higher than Target's $2.3 million spot TV expenditure in Los Angeles.

One local retailing source asserted that Target's extensive promotional efforts, so far, haven't established a unique or different identity for the chain and it hasn't drawn customers away from other discounters. Target hasn't given customers of the membership discounters any reason to switch as Target's prices aren't any sharper, and the membership discounters have very loyal customers.

He added that K mart has become more aggressive on the West Coast, so even this discounter isn't an easy foe. The only weaker discounter, he said, was Zodys, and its customers are not targeted by Target.

San Diego, where the annual report acknowledged sales were "somewhat below expectations" for Target, is considered an unusual market: the PX on the Navy base there draws off a large amount of sales that would go to retailers in nonmilitary markets.

Target executives based their projections on what the discounter would do in San Diego on FedMart's dominance in the market, a source said.

Drawback Noted

However, FedMart was a local discounter with a major hold on the market that wasn't as easily transferred to Target as that chain's executives anticipated. Additionally, Target, a nonunion retailer, ran into opposition from unions, whose members weren't automatically rehired for the formerly unionized ex-FedMarts. The unions urged consumers to boycott Target when those stores were opened, a move that didn't help the discounter's image.

The Price Club was one factor that couldn't be completely included in Target's projections, one source asserted. The membership wholesaler started a major expansion throughout southern California just as Target came into the market, he explained. The Price Club already had a market position and a share of the business that was only increased, leaving even less business for Target to capture.

The problems that Target has faced in its move west aren't seen as having any long-term adverse impact on the chain. It will just take it longer to become a major factor, one source noted.

The move to southern California, beyond just its local impact, is part of a broader effort—a company plan to become a Southwest power. The two more units due in California—in Culver City and Puente Hills, in the fall—are just part of what will now become a buildback program for that region.

They will follow Target's invasion of Phoenix earlier this year with five stores.

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Marshalls Bolsters Existing Markets, Shuns Upscaling

WOBURN, Mass.—Marshalls, the $1 billion off-price apparel chain, is staying out of the upscaling race that has drawn in many of its competitors.

Priorities at the 180-plus-unit chain lie in strengthening the merchandise mix and market share in the face of local competition in just about every market.

The majority of this year's store openings—33 out of 36—are fill-in stores in existing markets which should bolster market penetration and increase the returns on advertising expenditures.

The two presentation changes currently being rolled out chainwide—adding more circular racks to break up long runs of piperacks, and breaking out juniors sizes from misses—are aimed to make shopping the stores quicker and easier, according to company president Frank Brenton.

At the same time the company is revving up its advertising push.

More institutional-type television ads were used so far this year at the expense of the chain's radio budget, which was sliced to about 3% of the overall $20 million budget. Television expenses are being raised from 20% to about 25% of total ad expenditures.

Starting in January the company sponsored "Fashion Reports from Marshalls" in New York and Chicago as a test run of the tactic. Typical spots feature a woman who talks about the value in classic styles vs. fads, or offers tips on accessorizing specific dresses and suits.

Promising Area

At presstime, a company spokesman said the "Fashion Reports" were successful and would most likely be used in additional markets next year.

With all these programs under way, Marshalls is expecting chain volume to hit $1.3 billion for 1984. By the end of the year there should be a total of 210 Marshalls' stores in 32 states.

In April of this year the chain entered its only two new markets for the year—Seattle, Wash. and Birmingham, Ala. In the fall, the chain will back up its Seattle entry with two more stores in the market.

Marshalls' stores average about 30,000 sq. ft. and stock ladies' wear, children's wear, men's wear, jewelry, shoes, domestics and giftware.

Over the past year, merchandisers have been working to get more into current-season goods and to move out of irregulars in all categories except domestics. At present the merchandise mix is about 60% closeout merchandise.

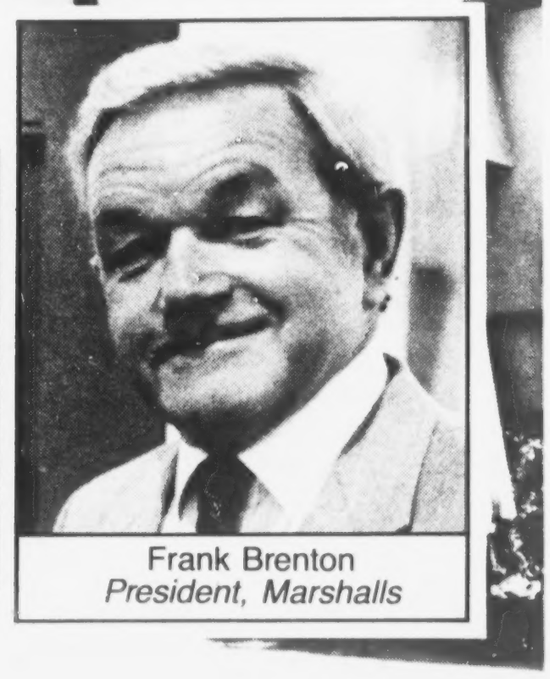
Still, unlike some other off-pricers, the 26-year-old division of Melville doesn't have to depend on diverters for its merchandise. About 95% of the goods sold in Marshalls' stores are purchased directly from the manufacturer.

Marshalls' projection of a 24% volume gain for this year compared to 29% and 35% in '83 and '82, respectively, signal the maturity of the industry.

"With more chains in the business, everybody will have a smaller sales gain," Brenton explained earlier this year.

In its older stores, Marshalls will continue to refurbish stores according to its 18-month-old Denver-look prototype. That model features a race track, angled piperacks, bare floors and a blue and magenta color scheme for signing.

In tracking sales information, merchandisers at the chain now use abbreviated reports that include numbers on items that fall 15% above or below the norm. That way, merchandisers can look at 10% of the paperwork to find out immediately what the problem spots and fast-selling items are.



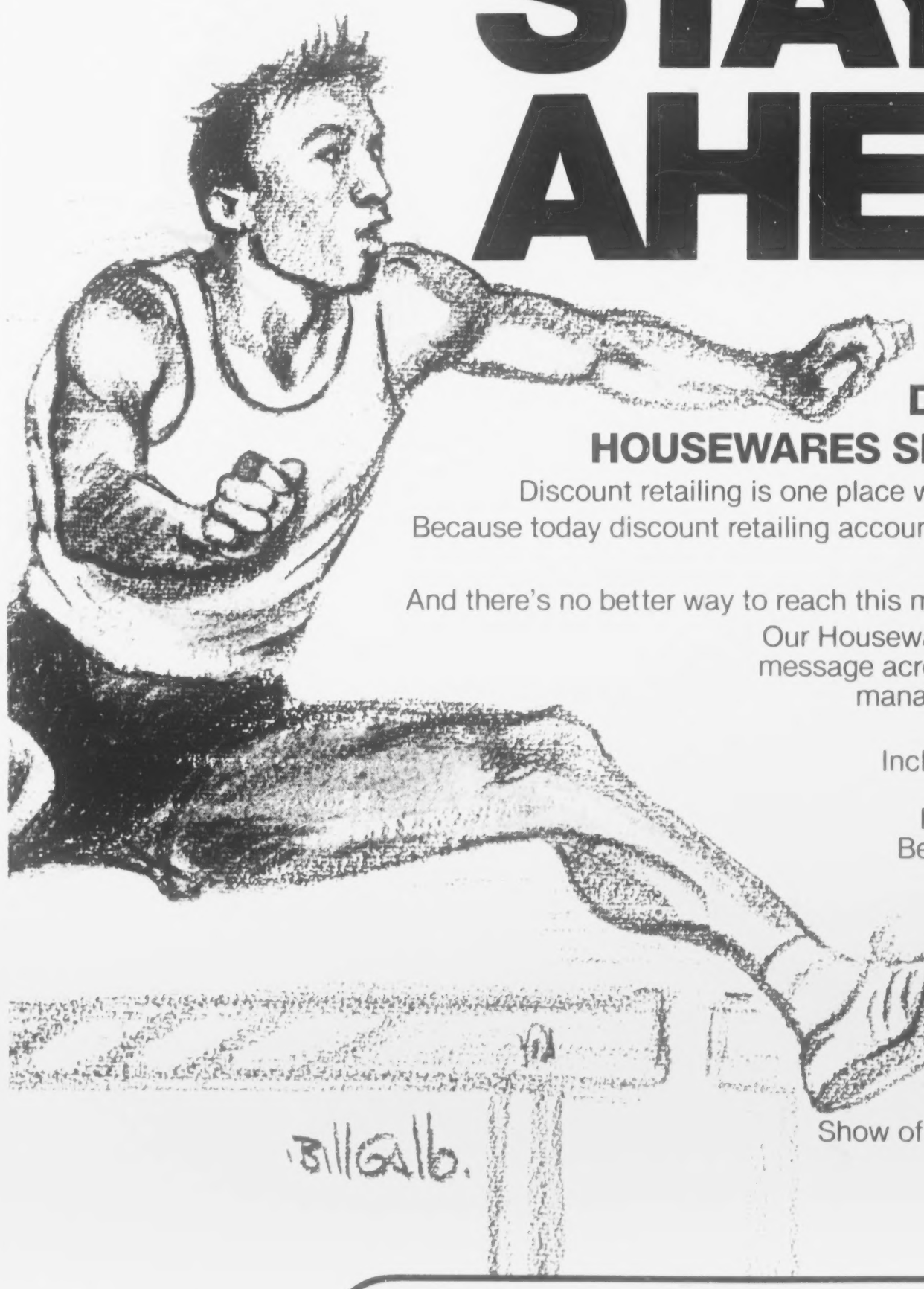
Frank Brenton
President, Marshalls

Stuarts Readies Its Tenth Store

NEEDHAM HEIGHTS, Mass.—Stuarts Department Stores has announced plans to open a 10th store in August—in Chelsea, Mass., at the Mystic Mall.

The 84,000-sq.-ft. store will offer family clothing and household furnishings and will be open seven days a week.

The company now operates stores in Lawrence, Lowell, Billerica, Malden, Fitchburg, Tewksbury and Brockton, Mass., and in Goffstown and Nashua, N.H.



STAYING AHEAD.

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Because today discount retailing accounts for 31% of retail housewares sales.
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Wal-Mart Reaches For $6.2B Sales, 103 New Stores

Jack Shewmaker
President, Wal-Mart

BENTONVILLE, Ark.—Wal-Mart is aiming for $6.2 billion in sales and 103 new stores this year.

But, that's only part of the chain's expansion plans. Before year's end six new Sam's Wholesale Clubs will be opened, bringing the total to 10. Additionally, Wal-Mart plans the opening of 60 more company-owned pharmacies, joining the 105 owned and 101 leased pharmacies in the chain's more than 670 stores.

The real challenge, though, is in the store opening schedule. Through June, the nation's second largest discounter had opened only 37 new units prompting chairman Sam Walton to characterize the situation as a "deep hole" in a company newsletter. But that was more Walton's cheerleading than any real worry about the schedule, according to David Glass, vice-chairman/cfo.

"It's no real problem—it's very do-able," he said. "We just like to get those stores open as early as possible in the year, but with all the rain we haven't been able to."

Nearly all of the new stores are being constructed from the ground up; there will be few takeover locations, Glass explained. About one-third are being built by developers with the remaining two-thirds handled by Wal-Mart's own construction and real estate department.

In order for the chain to reach its goal it will have to average two to three new store openings a week for the remainder of the year. But Wal-Mart has, at times, opened as many as 11 units in a week, Glass said.

Sales Up

If the opening schedule is met, the $6.2 billion sales figure—representing a 31% increase—could be on the conservative side. Over the last 10 years, Wal-Mart has *averaged* 40% annual sales gains—a period that included two major recessions.

Already for the first quarter of fiscal 1985, Wal-Mart posted a 44% sales gain—to $1.2 billion—with a 59% increase in net profits, to $43.6 million. Those figures included a 19% gain in comparable-store sales over a year ago.

In addition to the 103 openings slated for this year, 105 new units are planned in 1985. Those units will be located principally in Wal-Mart's existing 19-state trading area. But with the opening of a 650,000-sq.-ft. distribution center in Iowa next January, the chain will be poised for entry into at least six new states on its northern and western tier.

The six are Wisconsin, Michigan, North and South Dakota and Ohio—all within a 500-mile radius of the new distribution center.

But if those expansion plans aren't enough, Walton recently announced plans for 20-25 Sam's Wholesale Clubs to be up and running by 1986, producing an estimated volume of between $650 million and $750 million. The clubs, which Wal-Mart considers its major metro market entries, will include debuts this year in Houston, St. Louis and Cincinnati.

The clubs, which typically produce a first-year volume of $25 million to $30 million each, are already operating in Oklahoma City, Dallas and Kansas City.

Although Wal-Mart hasn't yet announced expansion plans for its dot Discount Drug Store in Des Moines, the operation is at the very least being looked to for conceptual help for the chain's in-store pharmacies.

The 200 pharmacies in operation last year contributed 2% to Wal-Mart's sales—about $94 million.

Wal-Mart is also moving ahead operationally, including chainwide enhancements to its in-store reordering system, which relies heavily on IBM Series/1 backroom minicomputers. So far, about 200 stores have begun using the Telxon system—a portable terminal used by department managers.

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Zayre to Beef Up Specialty Chains, Refine Full-liners

FRAMINGHAM, Mass.—Zayre is sticking to its two-tier formula of refining its basic discount store business and simultaneously strengthening its specialty retail ventures.

This year, management is continuing the evolution of presentation and merchandise assortment on the discount chain's soft lines side. The goal is to hold the chain firmly to its discounter status while catering to shoppers through cleaner displays and broadened mix—in domestics and apparel, especially.

Meanwhile, Zayre Corporation's two newest diversification moves are also being developed.:

- B.J.'s wholesale warehouse clubs will debut in October in Medford, Mass., and Johnston, R.I., following closely the proven Price Club format.
- The Chadwick's of Boston mail order offshoot of the Hit or Miss ladies' wear off-price division is being expanded with a distribution center of its own and four catalogs planned for the year.

The '84 expansion plan at Zayre Corp. also calls for the opening of 10 to 15 new Zayre stores in Florida, Massachusetts, Ohio, Tennessee, Kentucky and Illinois; 35 additional T. J. Maxx off-price family apparel stores, and 50 more Hit or Miss off-price ladies' wear-only shops.

Sales Up

Last fiscal year a similar expansion plan (11 Zayre stores, 89 Hit or Miss stores and 32 T. J. Maxx stores) resulted in corporate sales of $2.6 billion, a 22% increase over the year before. Net income for the corporation rose 74.6% to $61.4 million.

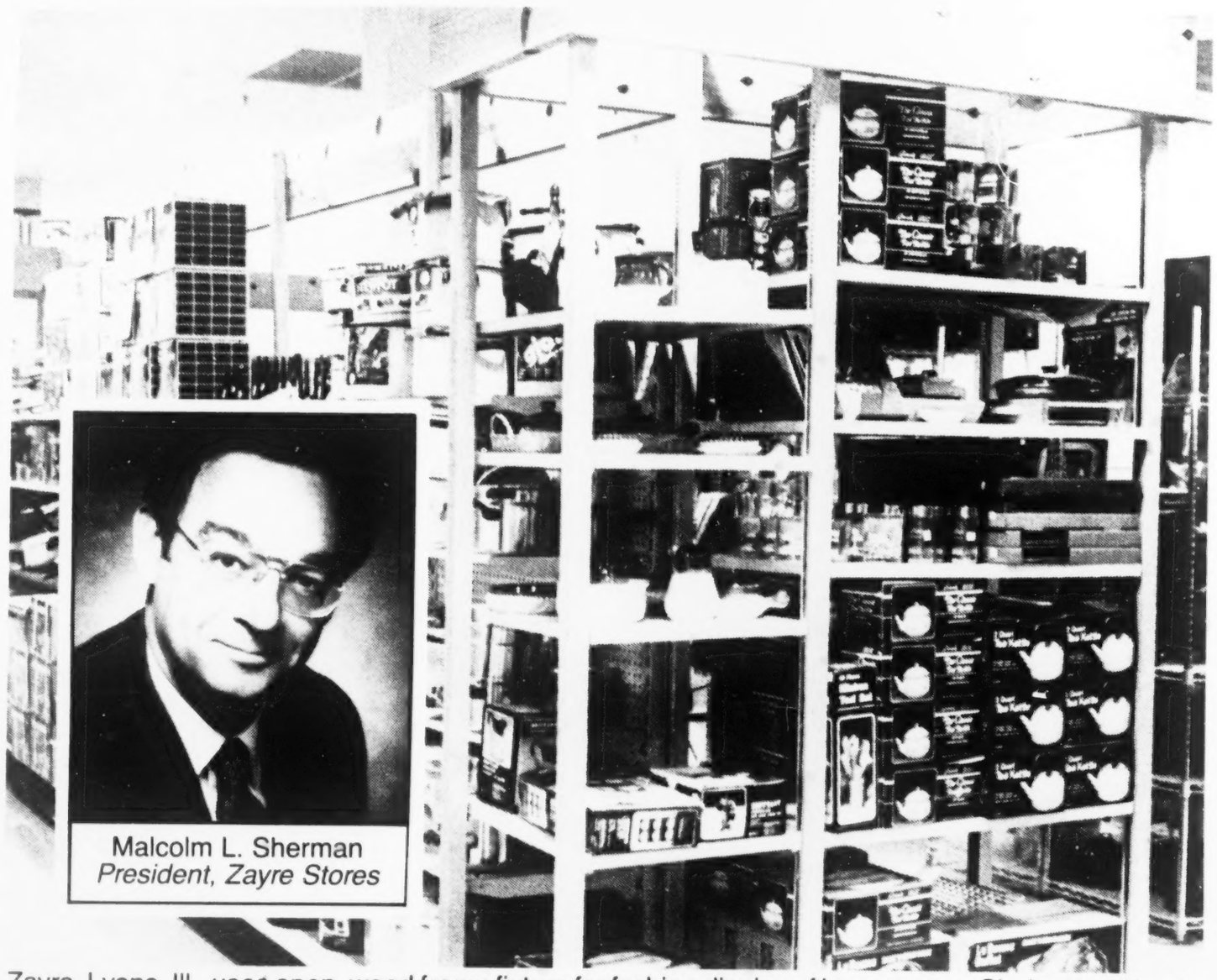
The discount store chain generated sales of $1.9 billion from 275 stores operated at year's end. The volume increased almost 19% from $1.6 billion the year before. On a store-for-store basis Zayre stores' volume increased 14.4%. Operating income for the chain rose 65% to $90.8 million.

Those results at the discount chain were attributed to the completion last year of several long-term refinements: the installation of chainwide electronic point-of-sale terminals; management's breaking the chain into more districts of fewer stores, and adding in-store computer terminals and an improved replenishment system based on the more accurate sales information.

This year, at store level, the chain is working on merchandising and display presentations that will make the shopping experience easier for customers while leaving the chain firmly tied to its discounting roots.

Among the changes being tested at one of the chain's Hartford, Conn., area stores are:

- Valance lighting has been added to perimeter walls to soften the "barnlike" look of Zayre's average 55,000-sq.-ft. selling spaces. The valance conceals fluorescent lighting which shines down on to the merchandise as well as up toward the ceiling. Also, Zayre's typical bright orange decor and trim have been toned down to a lighter shade.
- Reformation of the center-of-the-floor dressing room allows the walls to act as a merchandise backdrop to apparel and accessories areas. In addition, in apparel, freestanding tubular fixtures have been added to departmentalize the area without incurring the cost of actual wall construction.
- Stronger emphasis is placed on service—part of the chain's new emphasis on the "Zayre Customer's Bill of Rights." More flexible staffing patterns/hours allow clerks to stock shelves before the store opens for business. Also, selected hard-to-handle items have been tagged to let customers know that a salesclerk will help them get the item from the store.
- Reworked domestics presentation groups home textile assortments together by pattern.



Malcolm L. Sherman
President, Zayre Stores

Zayre, Lyons, Ill., uses open, wood frame fixture for fashion display of housewares. Shelves and hooks are tailored to best show off specific item or category such as teapots. *(DSN photo)*

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10

'Billionaire' Bradlees Will Open Six Stores, Remodel 10-12 in '84

Harry Kohn Jr.
President, Bradlees

Exercise gear for ladies and juniors is one of the areas picked for video monitors in Bradlees, Watertown, Mass. Tape shows models dancing in the merchandise for a more "personal sell."

BRAINTREE, Mass.—Bradlees is concentrating on resetting existing stores to match its upscale, shop-oriented prototype, and strengthening its grip on southeastern markets.

After pushing into Baltimore and Washington, D.C., for the first time last year with 13 ex-Memco stores and chalking up 21 new openings for the year, Bradlees passed the $1 billion-volume mark.

Operating earnings from $1.1 billion in sales generated by the 127 units hit $80.5 million, or 6.8% of sales.

This year, the chain is opening only six stores—three in its home state of Massachusetts, two in Maryland and one in Virgina. By year's end, store count will reach 132.

So far, no more multistore acquisitions like the Memco deal have come up for Bradlees. But, management has said it will pursue both multistore buys and single store sites for future expansion. The 446,000-sq.-ft. distribution center opened last year in Edison, N.J., is planned to support the New England-based chain's continued expansion southward, Bradlees executives have said.

In March of this year, two of the six new Bradlees slated for the year opened in Massachusetts. One was a replacement store in Falmouth.

On Aug. 2, a new store opening in Bowie, Md., will push the chain's Washington area store count up to 12. On the same day a new store will also be unveiled in Hampton, Va., making the Bradlees total in the Tidewater-Chesapeake Bay area four.

Later in the fall, a Nov. 1 opening in Glen Burnie, Md., will push Bradlees' Baltimore presence up to three stores. A simultaneous ribbon-cutting in Quincy, Mass., will mark the last of the chain's scheduled openings for the year.

At the same time, Bradlees is stepping up its remodeling schedule to include 10 to 12 of its older units during 1984. Already this year, stores in Watertown, Mass., and Poughkeepsie, N.Y., have been reset and remodeled according to the chain's soft lines-focused and boutique-oriented prototype.

In the 102,000-sq.-ft. Watertown store (one of the chain's largest), the remodel completed last May included a 20% space expansion of the Table Top shop seen in Washington, D.C.

The store also featured the first-time separation of toddlers' wear at the chain; the division of intimate apparel into three distinct categories (robes and loungewear, sleep and daywear and foundations); an upgrade of jewelry merchandise and an expanded Tulip restaurant.

Although some higher-price-point items were added, pricey goods are usually separated from basics by presentation.

With some 60% of total volume from soft lines (wearables plus home textiles), Bradlees is continually refining its fashion merchandise. Tailored men's wear, career wear and home goods were beefed up most recently.

This spring Bradlees was the first discount chain to introduce chainwide the Gloria Vanderbilt Close to Home Collection of textiles for the bed, bath and kitchen.

In April, Sunday circular ads introduced the items priced at the top of the line. Ads in some markets featured radio spots with Gloria Vanderbilt and Mrs. B. In two larger Massachusetts stores—Watertown and Andover—the Gloria Vanderbilt shops included a complete bathroom setup including a tub and a bedroom setup with a full-size bed.

Initial results at most chains with the Vanderbilt line were poor or under expectations. But, Bradlees didn't make any announcement of dropping the line.

As of last year, sales per square foot at full-year Bradlees stores had hit $147 compared to $131 in 1982. Average store sales rached $10.2 million, up from $9 million the year before.

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Toys "R" Us Sets 30 Bows in 1984, Global Operations

Norman Ricken
Pres., Toys "R" Us

ROCHELLE PARK, N.J.—Toys "R" Us (TRU) has conquered 12½% of United States toy sales and now has its sights set on the world.

With 169 units in 26 states, the nation's most powerful toy retailer is continuing its methodical expansion plan of entering one new market per year, adding new stores in existing markets, and extending the TRU concept overseas in several diversifications.

Through this simple and systematic domestic marketing strategy, TRU has more than doubled its net sales in the last five years, moving from $654 million in 1980 to $1.3 billion last year.

Earnings last year rose to $92,317,000, a 43.9% increase from $64,162,000 for fiscal 1982. Comparable-store sales increased 13½% in 1983 and gross margin (as a percentage of sales) was up a point to 33.2%.

These sales levels translate into more than $300 per square foot, almost three times greater than the nation's second largest toy retailer, Child World.

In addition to increasing store productivity this year, the New Jersey-based toy merchant is on schedule with its plans to enlarge its domestic market share. TRU has targeted the Buffalo/Rochester geographic region for its 1985 market debut, a jumping-off point for serving the upstate New York and northwestern Pennsylvania areas.

In 1984, TRU will open 30 new units including a foray into the Cincinnati area with five or six units. The Cincinnati debuts coupled with other "fill-in" openings in existing markets, represent a yearly expansion rate of approximately 20%.

The controlled and well-focused tactics have also been applied to a number of recent global ventures.

The chain will open a unit in Singapore this September, a joint venture with Metro (Holdings) Ltd., a Singapore-based company. Additionally, plans call for the 1984 opening of three to four units in Toronto and a yet undetermined number of stores in Britain in 1985, both through wholly owned subsidiaries.

Plans Aired

The Toronto arrival is being orchestrated along the same lines as the domestic market debuts. The chain will cluster three or four units in the Greater Toronto Area and replenish them with a new warehouse/distribution center serving the area.

Continuing efforts in the Middle East are also expected, where TRU has already provided its technical expertise and buying services to company licensee Alghanim Industries, the largest consumer marketing firm in Kuwait. TRU's assistance includes merchandising, marketing, purchasing and promotion, in attempts to establish a network of TRU "clone" operations in the region.

Domestic and international operations will continue to fine-tune the chain's trademark traits—enormous selection, aggressive pricing, liberal return policy and high-image advertising posture.

Reinforcing its position as a year-round toy supermarket, by offering 18,000 different sku's at 20% to 50% off list price, supported by year-round advertising, the chain spent $23,123,000, 1.7% of sales, to promote that image in 1983. However, as for most toy retailers, more than 50% of total sales traditionally occur in the fourth quarter.

Another constant in the TRU formula has been its 45,000-sq.-ft. cookie-cutter prototype, which has recently undergone its first change in several years.

Interior renovations, completed in May, added approximately 2,500 extra square feet to the 25,000 sq. ft. of selling space for a more extensive presentation of larger, big-ticket

(Continued on page 56)

2 New Prototypes to Be Tested

Pay Less to Jump $1 Billion Sales Hurdle in 1984

WILSONVILLE, Ore.—Pay Less will break the $1 billion sales barrier in 1984 while it tests two new store prototypes.

When the company's current fiscal year ends on Jan. 31, executives project sales will total $1.083 billion, up from $958 million in 1983. Pay Less will also have 11 new stores, plus a revamp of a 30,000-sq.-ft. conventional store in Portland into a deep-discount drug format. The chain will also test a 10,000-sq.-ft. mini-store later this year near its Wilsonville headquarters south of Portland.

With California targeted as its major area of expansion, Pay Less has begun construction of a new $22 million distribution center in Stockton, near Sacramento. Completion of the 730,000-sq.-ft. center is scheduled for next spring. Company officials say the facility will have the capacity to service 150 stores in northern and central California, twice the present store count in those regions. Seven of the chain's new stores will open in those regions this year.

The Background

In 1983, 61% of the merchandise sold in the 149 Pay Less stores passed through the company's present distribution facilities in Wilsonville. This volume overtaxed the company-owned, 708,000-sq.-ft. central warehouse, necessitating leasing an additional 400,000 sq. ft. near Portland. With the opening of the new distribution center next year, Pay Less will terminate that lease.

Although store size range up to 68,000 sq. ft., the typical Pay Less unit is a 30,000-sq.-ft. unit devoted to hard lines, drugs and toiletries. The new 10,000-sq.-ft. prototype, developed to enable the chain to open in small trading areas, will have a more traditional drug store merchandise mix. The small store will drop such hard lines as automotive supplies and hardware as well as low-margin, traffic building grocery items. They will, however, have a pharmacy as well as over-the-counter medications, greeting cards, housewares and cosmetics.

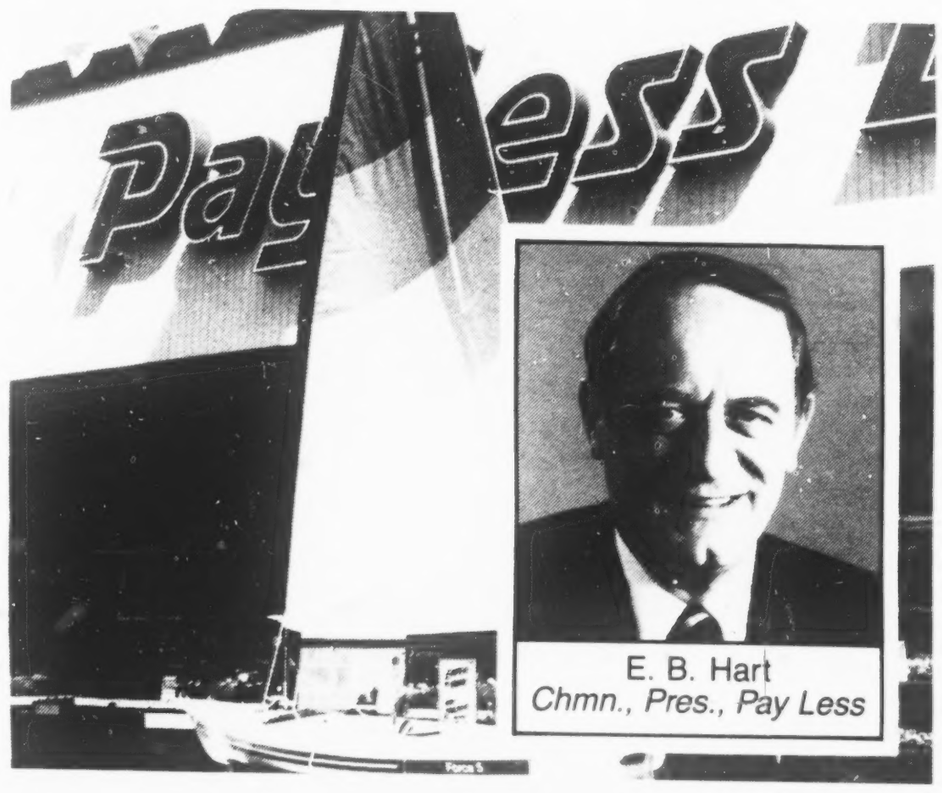
Primarily because of the elimination of highly promotional groceries, chain executives expect gross margins in the new prototype will exceed the average of 28.8% in its conventional stores.

The deep-discount store format was chosen as a second experiment rather than a membership warehouse concept. Warehouse-type retailing has been very successful in some areas, but reportedly was rejected by Pay Less because a very high-volume location is paramount and good potential sites are relatively difficult to come by.

The test store for deep-discount retailing opened earlier this month on the east side of Portland under the Value Giant banner—a name acquired by Pay Less when it took over a small California chain in 1976.

The move was seen as a defensive measure against other chains opening similar deep-discount stores in the West.

Pay Less, which substantially increased profits through the severe recession in 1981 and 1982, even though sales were virtually flat, put together an 8.7% sales increase and 27.6% increase in net profits to $24.7 million in fiscal 1983.



E. B. Hart
Chmn., Pres., Pay Less

Toys "R" Us

(Continued from page 54)

items like bicycles and juvenile furniture.

Additionally, the chain will be testing a new UPC scanning price lookup system, as well as credit authorization via electronic registers.

Two New Jersey units were fitted with a data collector and processor by National Semiconductor this past Christmas, which were used in conjunction with its electronic registers.

Besides credit authorization, the computer offered several other programs including price look up, tracking of checkout clerk productivity and a quicker generation of consolidated sales information that lists sku's in sequence. Sales information is now sent two-thirds faster than the batch transmission of the older collectors used by the chain.

Kids "R" Us, the fledgling children's apparel division, will continue to receive its parent's full support. Charles Lazarus, chairman and chief executive officer of TRU, recently reaffirmed that "Kids "R" Us is not a test" and he expects to see its first profits as soon as more units are up in operation.

Although losing an undisclosed amount of money in its first year, Kids "R" Us will add two new units this summer and up to four stores this fall, bringing the chain total to 10 units.

CENSUS '84, '85

Service Mdse. Expands Showrooms, Home Centers

Service Merchandise is installing Silent Sam, a company-developed, customer-operated computerized ordering system, shown in its Pompano Beach, Fla., store, in most showrooms to improve store productivity. *(DSN photo)*

NASHVILLE—Catalog showrooms and warehouse home centers are the two players in Service Merchandise's future growth plans, with the showrooms the vehicle for the company's endeavor to become the first national cataloger.

The diversified company's expansion program could see 20 to 25 new showrooms being unveiled this year and a like number in 1985.

In its other main operation 12 to 18 HomeOwners Warehouse home centers are projected for this year to give the company as many as 20, with similar growth due next year.

Diversification moves during the past two years into jewelry and gift merchandising with two Zimm's stores; apparel retailing through three The Lingerie Stores, and computer selling in eight The Computer Shoppes are all on hold, with significant expansion of any of these operations considered highly unlikely, sources said.

The showroom expansion has seen the company open seven units so far, with another 10 already set for the fall. They included entering the Greater Los Angeles Area for the first time for three units less than 60 days ago. (The cataloger already has six units in northern California.)

The move into southern California is part of Service Merchandise's effort to establish a major presence in the Southwest. It followed the cataloger's invasion of New Mexico as its 32nd state, with the spring opening of an Albuquerque showroom.

This fall, Service Merchandise will debut in Arizona, its 33rd state, with two units in the Greater Phoenix Area. Last year, the cataloger entered four new states.

The move into the Southwest leaves the Pacific Northwest and the North Central States as the last two regions devoid of Service Merchandise showrooms.

The moves into Albuquerque and southern California, along with the scheduled openings in the Greater Phoenix Area, mark Service Merchandise's latest direct confrontation with Best Products for the top spot among showroom chains. Service Merchandise has higher earnings, but Best leads in sales and number of stores.

Any Service Merchandise moves into the Pacific Northwest and the North Central States regions would heighten this battle, as Best already operates almost three dozen showrooms in these areas under three different chain logos.

The two catalogers currently face off in eight markets, with Service Merchandise's planned rapid growth over the next few years seen as eliminating the gap in stores.

The cataloger is well prepared financially to maintain its growth which last year saw it open 19 showrooms to reach 158 as it boosted earnings by 42% on a 22% sales increase.

Volume in the fiscal year ended Dec. 31, 1983, amounted to $1,458,089,000, compared to $1,195,283,000 in the previous fiscal year. Net income went to $44,869,000 or 3.1% of sales from $31,569,000 or 2.6% of sales.

DSN projects company sales this year will amount to about $1.8 billion, up around 24%, reflecting both a maturing of the large number of showrooms opened during the last two years through December 1984 and the impact from the HomeOwners Warehouse arm.

Key to the company's strong earnings performance can be found in improved gross margins (as a per cent of sales), which went up 2.2% to 23.3% from 22.8%, along with a tight rein on S.G.&A. (as a per cent of sales), which rose only 0.5 percentage points from 14.7% to 15.2%.

The gross margin figure was the highest in five years and denotes the greater focus on—and resulting sales of—such higher profit merchandise as jewelry and giftware.

Service Merchandise's buying clout is evident from the fact that vendors financed a $92.3 million increase in inventories.

Inventories went up 36.3% to $346,695,000 from $245,341,000. Vendors' financing of inventories in the form of accounts payable showed a greater increase, going up 75.6% in dollars to $233,040,000 or 67% of inventories, from $132,731,000 or 52% of inventories.

The sharper financial inventory management helped generate more idle funds which the company used for temporary investments. This produced $5,511,000 in other income, a 72.3% jump from $3,222,000.

The increased S.G.&A. was due to two factors: substantially higher advertising costs, particularly in the fourth quarter, to battle the increased promotional stance of other hard lines retailers, and the staff start-up costs for this year's projected rapid expansion of the HomeOwners Warehouse arm. HOW was acquired last summer just after it opened its first store for 633,000 shares worth about $13.6 million. Another unit was subsequently opened under the cataloger's ownership.

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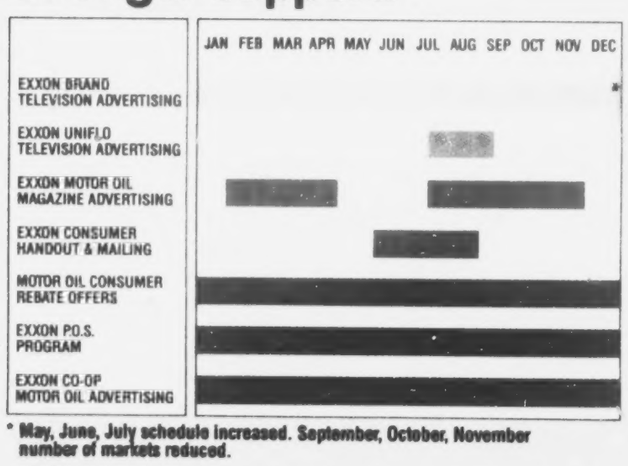
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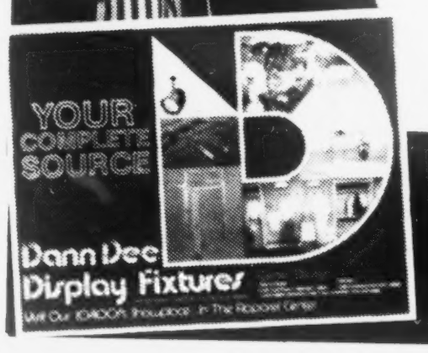

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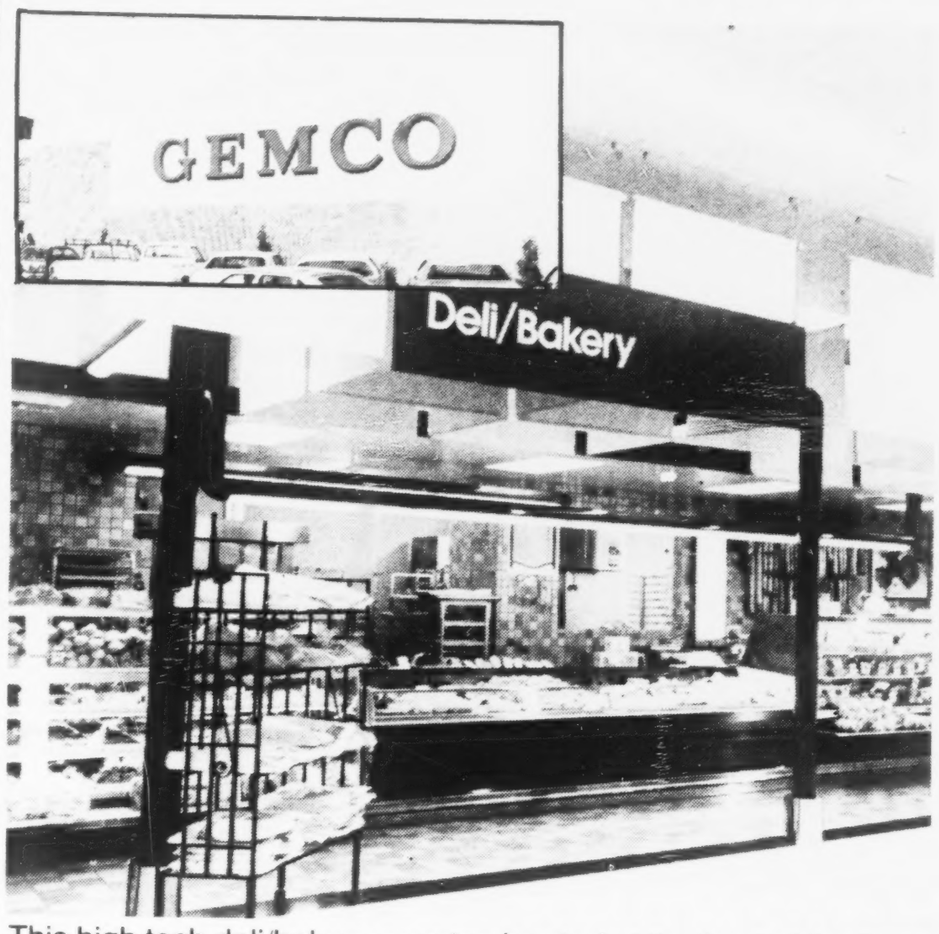
CENSUS '84/'85

New Prototype Is Evolving To Refocus Gemco Identity



This high tech deli/bakery counter, located at the front of the store, is being tested in Gemco's "store of the future" prototype in Villejo, Calif. *(DSN photo)*

BUENA PARK, Calif.—Having spent most of the last two years consolidating its market position, Gemco is working now to refocus its identity in its existing West Coast markets.

At the heart of the $2 billion chain's plans for its future is an evolving new prototype store—a half-dozen preprototype units have opened with some stage of the new design over the past 18 months—which calls for department adjacencies organized along more logical customer shopping patterns rather than according to buying functions; centralized checkouts that replace departmental registers, and improved assortments in soft lines.

The new look also works to call attention to chain strengths that in older units may not be as apparent because of poor presentation or multiple locations of a single category. Consumer electronics, for example, in older units located in three discrete areas, has been relocated to one single location dubbed Electronics World in the new stores.

The chain has also consolidated ladies' accessories into a single area with jewelry, which has been given a prime location at the rear of women's wear in the prototype.

Another important facet to "the store of the future" concept is the consistent look from department to department. In the past, each merchandise area eminated its own distinct image. In its newer units, there is a uniform look to interior design colors and department signings.

This accompanies other traditional upscaling improvements of a new race track format, fashion fixturing and carpeted apparel areas, all seen in the prototype.

Since shuttering its East Coast Memco division in late 1982 and closing six unprofitable units in Houston following the Christmas '83 selling season, the 76-unit chain has established a new top management.

Sales for 1983 rose 1% to $2.135 billion from $2.113 billion in 1982. Comparable-store sales increased 8% in the last fiscal year and the West Coast discounter accounted for one-quarter of the total sales of food giant parent Lucky Stores.

The membership-only chain will add three units by year's end, bringing the Gemco total to 79. The three additions, all in the California area, will continue the evolutionary fine-tuning of its "store of the future" concept.

One of the key operational changes currently under way is a move to computerize the checkout process which is allowing the chains the flexibility to add more centralized registers to the stores.

In older units, merchandise must be paid for in the department where the item was bought; chain plans call for all goods, including food from in-store supermarkets, to be paid for at a single register.

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(Rod suggested retail price $ [illegible] 95)

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Discount Store News

Caldor Seen Running Smoothly as It Seeks Chief Exec

Caldor, which generates 70% of its volume from hard goods, gives housewares and home furnishings prominent space and fashion display attention, as at year-old Lake Ronkonkoma, N.Y., unit. *(DSN photo)*

NORWALK, Conn.—Caldor is in the market for its third chief executive in 1984, but observers are confident that the subsidiary of Associated Dry Goods (ADG) will not be slowed by the vacancy at the top.

This was the year that founder Carl Bennett was scheduled to retire, having sold the thriving discount chain to ADG in 1981. As expected, Bennett left on May 31 and David P. Williams III moved from president and chief operating officer to chairman and chief executive officer. Unexpectedly, however, ADG's chairman was forced by a long illness to step aside and management changes at the parent company in mid-June resulted in Williams becoming president and heir-apparent to the ultimate top spot.

"Without Carl Bennett or Williams, Caldor loses its conceptual wizardry," said Stuart Robbins, a retailing analyst for Donaldson Lufkin and Jenrette. However, Robbins and other Wall Street observers stressed that Caldor is blessed with strong second-line management to keep the discount chain running smoothly until a new chief executive is named.

"Caldor is a great organization and the momentum will continue," said Walter Loeb of Morgan Stanley. "It has dynamic growth potential because of the way Carl Bennett trained his people. They are very excellent merchants."

More Stores

Long one of the most consistently successful discounters, Caldor continues to plan for growth. After shattering the $1 billion sales mark last year, reaching approximately $1.1 billion, the chain is expected to increase sales in 1984 by 18%-20%. The store count reached 100 in the spring, and a total of eight new stores in 1984 will give Caldor 103 at year's end. Baltimore and Long Island, new markets in 1983, will each get two new stores this year, with the other four opening near Boston and Albany, N.Y.

While chain officials would not comment, Loeb predicted that ADG will in the future attempt to expand Caldor even further from its New York-Boston corridor base. In penetrating Baltimore, Caldor took over sites formerly occupied by another ADG division.

Construction of a new 520,000-sq.-ft. distribution center in North Bergen, N.J., is virtually complete. Nearly twice the size of its eight-year-old warehouse nearby, which will be closed, the new center has the capacity to service 200 stores. The 300,000 sq. ft. first level will process hard lines while pallets of soft goods will occupy the 150,000 sq. ft. second level; hanging garments will be held on the 70,000-sq.-ft. top floor.

Caldor executives have repeatedly said they wish to reduce the dominance of hard lines sales. Industry watchers, however, say this will require a "herculean" effort and predict that achievement is likely to be slow in coming, particularly now that both Bennett and Williams are gone. The present ratio of hard lines to soft lines is 70/30. The chain's stated goal is to reach a 65/35 ratio.

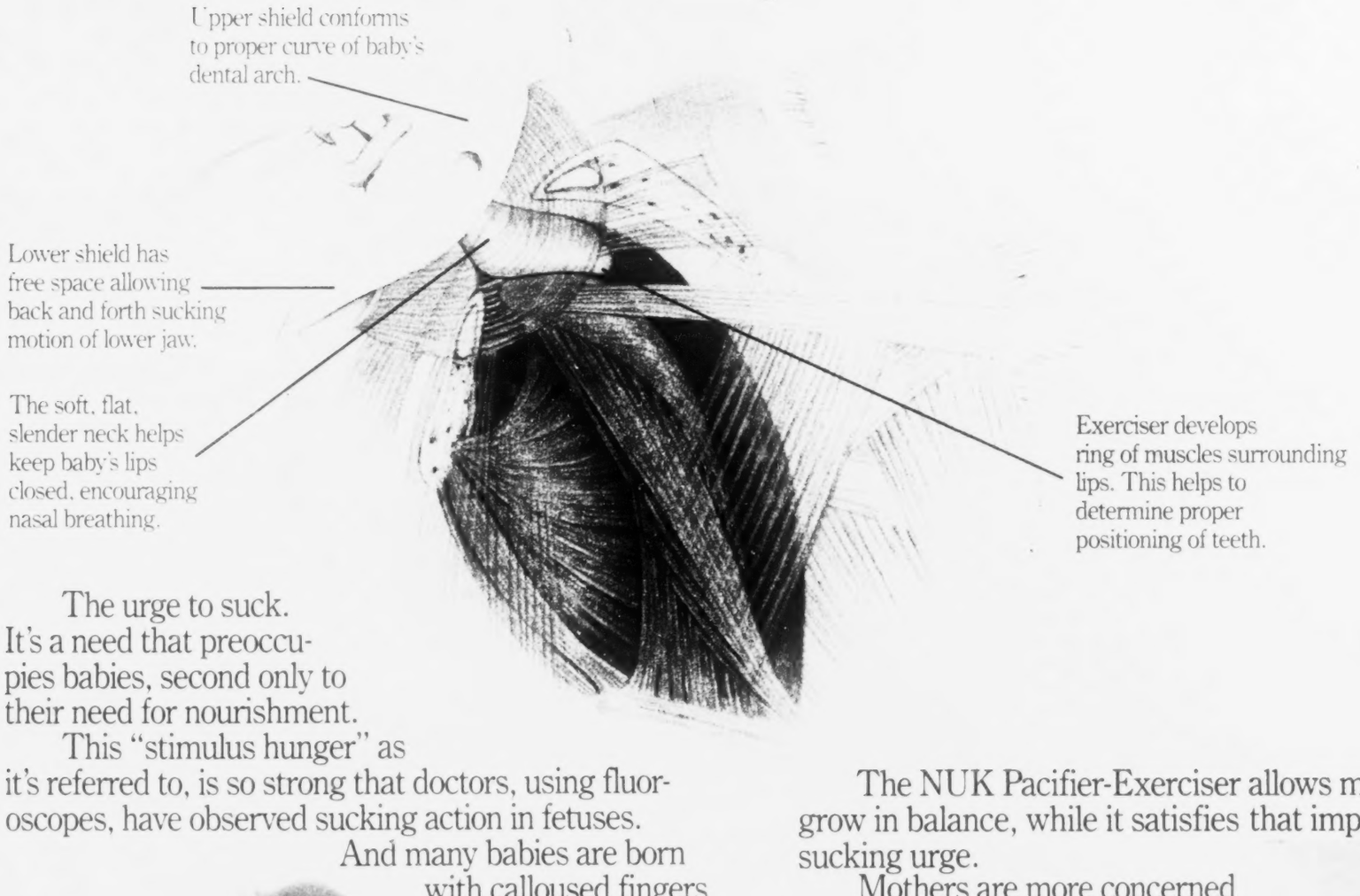
A Closer Look

Although Caldor officials would not comment, outsiders predict the next chief executive will likely have a strong track record as a merchandiser, as did Williams, preferably from discounting or some other mass-distribution retailing. Robbins said it is a "matter of some urgency" to ADG to replace Williams. Robbins, Loeb and a third analyst who wished not to be identified agreed that the selection may take many months.

A further complication, according to Loeb, is that more management changes at ADG can be expected in the not-distant future. He viewed the appointment of Joseph H. Johnson, 62, as ADG chairman as an interim measure, with Williams likely to succeed in less than three years thereby creating another vacuum.

The problem of increasing soft lines sales, which the new chief executive will inherit, will be difficult to solve. Historically, Caldor has relied almost totally on its Marc Robbins label in apparel, attempting to lure customers with a high value-lower price message rather than apparel. The lack of continuity of merchandise overshadowed the potential traffic draw.

How to satisfy a baby's second strongest hunger.

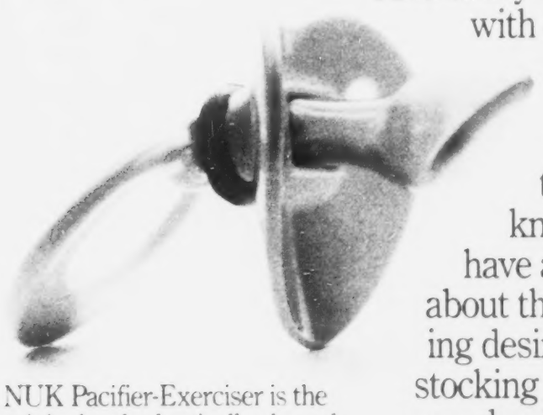

Upper shield conforms to proper curve of baby's dental arch.
Lower shield has free space allowing back and forth sucking motion of lower jaw.
The soft, flat, slender neck helps keep baby's lips closed, encouraging nasal breathing.
Exerciser develops ring of muscles surrounding lips. This helps to determine proper positioning of teeth.

The urge to suck. It's a need that preoccupies babies, second only to their need for nourishment.

This "stimulus hunger" as it's referred to, is so strong that doctors, using fluoroscopes, have observed sucking action in fetuses.

And many babies are born with calloused fingers and thumbs.

So, why are we telling you this? Because we know new mothers have a lot of questions about their babies' sucking desires. And if you're stocking pacifiers, we think you should consider ours very seriously.



NUK Pacifier-Exerciser is the original orthodontically shaped pacifier.

The NUK® Orthodontic Pacifier-Exerciser is the top choice by mothers in America and Europe. And there are good reasons why.

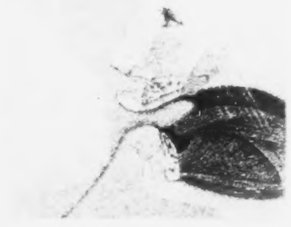
The NUK Pacifier-Exerciser is the original orthodontic pacifier, with a shape designed to simulate a mother's breast during feeding.

You see, if properly developed, the ring of muscles surrounding the lips will lay against the teeth helping to determine the right positioning.

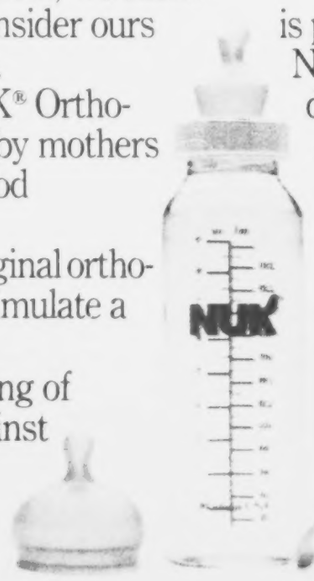
The NUK Pacifier-Exerciser allows muscles to grow in balance, while it satisfies that important sucking urge.

Mothers are more concerned and more informed than ever before about the oral development of their babies. More and more mothers are recognizing the benefits of NUK products. If you're not stocking the complete NUK line, you could be limiting your sales potential in this category.

The NUK Pacifier-Exerciser is part of a complete family of NUK® orthodontic products all designed to help a baby's oral development. We also supply nurser nipples, nursers, teething gel and other fine products.



The NUK Orthodontic Pacifier-Exerciser is designed to be similar to the shape of a mother's breast during feeding.



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CENSUS '84/'85

Three Retail Operations to Fuel Best Products' Growth

Best beefs up children's wear with additional merchandise in an expanded section in its Shillington, Va., MegaStore as part of effort to increase sale of higher-margin categories. *(DSN photo)*

RICHMOND—Best Products is banking on three different retail operations to fuel the diversified cataloger's future growth: showrooms through seven different chains; Ashby's apparel specialty stores, and Best Jewelry jewelry and giftware units.

Catalog showrooms remain the core of Best's business and eight such stores are due to open this fall, one under the La Belle's logo and seven under the Best name, with an eighth Best replacing a smaller unit.

This growth will push Best's overall showroom count to 204, the most of any cataloger.

Ashby's is due to unveil 14 new stores this year, with two replacing smaller units, to raise that specialty retailer's count to 30, almost doubling the chain's size over a two-year period.

A half-dozen-plus Best Jewelry stores are projected as the company builds on its jewelry merchandising strength to go after this specialty retailing market. This operation was launched last year with four units.

That the catalog showroom arm still drives Best is evident from a major management restructuring the company carried out two months ago.

That move saw the company's three merchandising arms combined into a retail group, with Bernard Cohen, head of cataloger Consumers Distributing (United States), named executive vice president of Best and president of its retailing operation.

He will directly manage the seven showroom chains and oversee the two specialty arms which continue under Richard T. Riley, senior vp, who now reports to Cohen.

Personnel Change

The management restructuring included Andrew Lewis being promoted to Best board chairman and chief executive officer. His successor as president and chief operating officer is Robert E. R. Huntley, who had been executive vp and president of what had been just the catalog showroom division.

The management changes set Lewis free to map out the company's future direction and where it should be five and 10 years from now. Huntley, whose strength is executive administration, will now handle Best's nonretailing management functions, including future diversifications, while Cohen will focus on the core showroom operations.

That challenge facing Cohen is to complete the integration of Modern Merchandising (and its six chains), acquired 18 months ago, into Best, while also streamlining and strengthening the resulting snowroom operation that now extends into 27 states (15 added through the acquisition).

Cohen, who has made a reputation turning around troubled companies, is expected to reduce the regional showroom operation into fewer regions and continue the trend to greater centralized merchandising.

The company this year has, for the first time, completely produced its own catalog, which will be used by all seven chains, albeit with each chain's own logo on the cover of the books distributed in its markets. More than 10 million catalogs will be distributed.

The need to sharpen the showroom operation can be found in the lower net income reported by the company—as compared to Service Merchandise, its rival for the top spot among catalogers—along with Best's higher expenses and lower return on equity last year as measured against previous years.

Best has already set as goals increasing its return on equity as well as boosting the net-to-sales ratio to 3%, a level last achieved about four years ago. Last year it was 1.8%.

Figures Analyzed

The fiscal year ended Jan. 28, 1984, marked the first full year in which Best operated its own showrooms and the acquired Modern Merchandising chain. Sales last year amounted to $2,081,328,000, up 31.6% from $1,581,650,000. But, the later volume covered Modern Merchandising only since its acquisition by Best. If Modern Merchandising's volume for a full year was included, then Best's sales would only show a 5.9% gain.

Net income last year amounted to $37,087,000, up 28.7% from $28,820,000 (which also involved Modern Merchandising only from the time of its acquisition).

Gross margin (as a per cent of sales) was 26.4%, compared to 24.6% for the previous year, while S.G.&A. (as a per cent of sales) was 18.5% as compared to 17% in the previous year. Return on equity was 10%, down from 11.3% in the previous year.

The showrooms account for all but a negligible portion of the company's sales, expenses and earnings, so that improvements in this operation will have a major impact on Best's bottom line regardless of how well Ashby's and Best Jewelry perform.

Best's commitment to expand those specialty retailers, especially Ashby's, denotes their potential foreseen by the company. However, Best is still open to further diversification, particularly of businesses that can successfully stand alone, rather than involving a major nonfinancial investment in such areas as company personnel.

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CENSUS '84/'85

MERCHANDISING PROFILES

General Merchandise Sales in Discountland: $110.1 Billion For 1984

(in billions of dollars)

Ladies Apparel	18.5
Consumer Electronics	10.3
Men's/Boys' Wear	10.3
Automotive	8.7
Housewares	6.9
Toys	6.9
Health & Beauty Aids	5.6
Sporting Goods	5.0
Hardware	4.9
Jewelry	4.6
Domestics	4.4
Photo/Cameras	3.6
Personal Care Electrics	3.1
Electric Housewares	2.3
Stationery	2.1
Paint	1.8
Glassware	0.8
Other	10.2

Source: DSN *Research*

Full-line Discount Store Productivity Tracked

Category	Discount Volume in Billions	Sales Per Store in Thous.	Dept. Size	Annual Sales/ Sq. Ft.	Annual Turns	% Initial Markup	% Gross Margin
Women's Apparel	$14.3	$1,763	10,000	$176	4.6	48.0	37.2
Men's & Boys' Wear	8.2	1,011	7,690	132	3.4	44.6	36.0
Housewares	6.3	777	5,770	135	3.2	41.1	30.2
Consumer Electronics	5.9	728	2,300	316	3.2	31.4	19.4
Health & Beauty Aids	5.6	691	3,150	219	4.5	26.0	20.5
Automotive	5.2	641	2,300	279	2.6	34.9	28.7
Hardware	4.8	592	3,210	184	2.4	41.9	32.1
Toys	4.1	506	2,500	202	3.1	36.5	28.4
Sporting Goods	3.8	469	2,500	187	2.0	36.8	26.9
Photo/Camera	3.3	407	675	603	3.2	24.5	16.6
Domestics	3.2	395	3,130	126	2.5	43.4	35.3
Personal Care	2.9	358	850	421	3.3	30.4	20.0
Stationery	2.1	259	1,850	140	3.5	46.7	40.1
Paint	1.8	222	1,250	178	2.4	43.9	35.2
Electric Housewares	1.7	210	880	238	3.4	33.2	21.4
Jewelry	1.4	166	575	290	1.8	49.9	37.7
Glassware	0.7	80	620	129	4.0	40.7	34.9

(Source: DSN *Research)*

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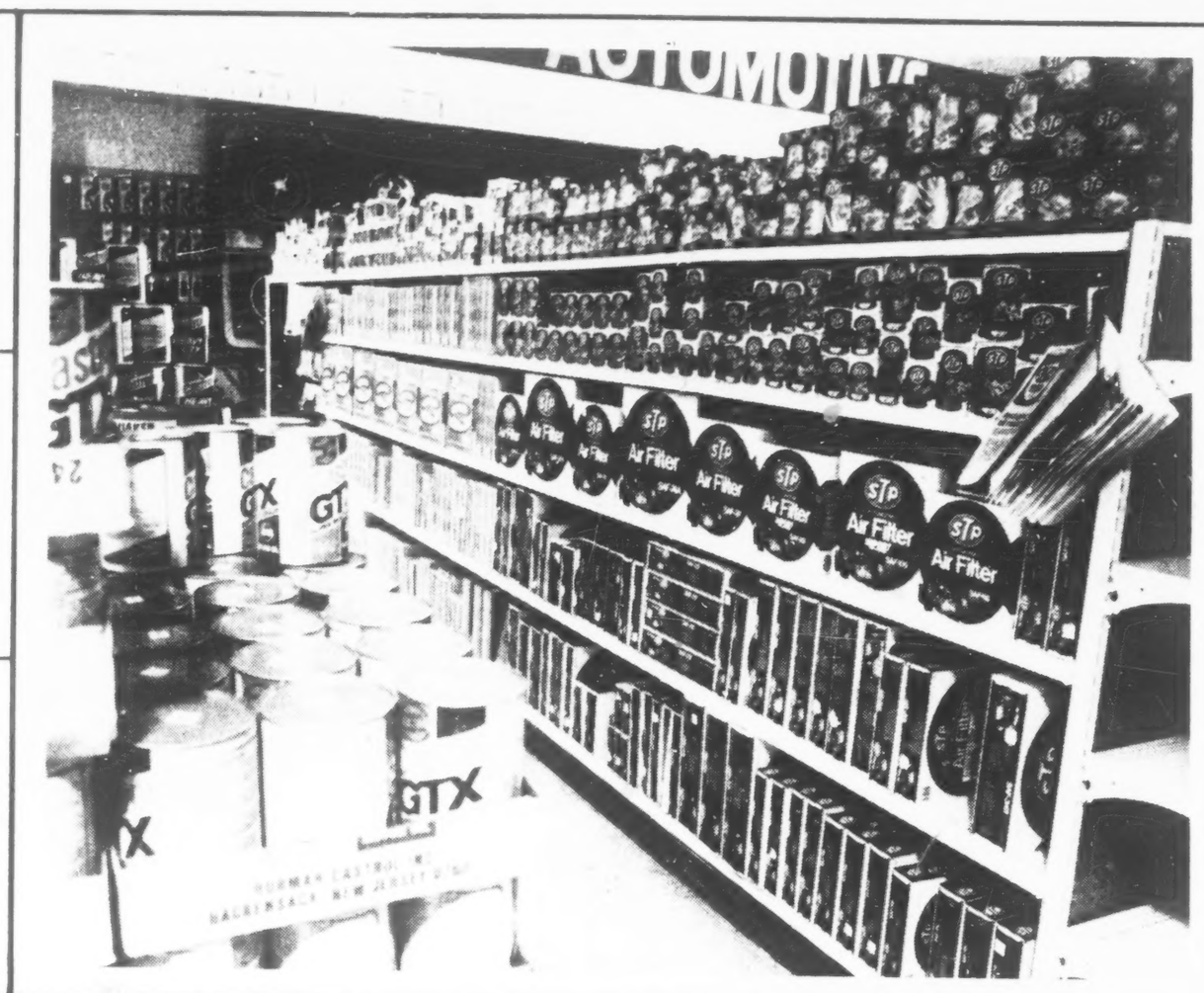
Children's Wear	112
Consumables	90
Consumer Electronics	108
Domestics	84
Electric Housewares	78
Glassware	80
Hardware	94
Health & Beauty Aids	106
Housewares	75
Jewelry	98
Ladies' Apparel	111
Lawn & Garden	89
Men's/Boys' Wear	112
Paint	96
Personal Care App.	83
Photo/Cameras	101
Sporting Goods	97
Stationery	104
Toys	86

Automotive: $8.7 Billion

- **Full-line Discounters $5.2B**
- **Specialty Discounters $3.4B**
- **Catalogers $0.1B**



Full-line Discount Store Productivity

- **Sales $5.2B**
- **Sales per Store .. $641,263**
- **Department Size ..... 2,300 Sq. Ft.**
- **Annual Sales per Sq. Ft. $278.81**
- **Turns 2.6**
- **Initial Markup 34.9%**
- **Gross Margin 28.7%**

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Car-Volume Boom Spurs Accessories

Nationwide DSN Report

Discount automotive departments and auto chains are reaping the benefits of resurging new-car sales and benefiting from the growing number of older cars still on the road.

Last year, for example, over eight million new cars were sold in the United States, the second straight year of strong sales since the recession. To ease the sticker shock of the higher prices on cars, manufacturers are shipping them with fewer accessories, creating sales oportunities for discounters in areas like seat covers, floor mats, wheel covers and decorative trim.

These market changes will help add $400 million to full-line discounters' sales for a projected total of more than $5 billion by year's end, and will help propel the specialty automotive discounters past the projected $3 billion sales mark.

Stable gasoline prices, besides spurring extra driving, are also helping to resurrect sales of high-performance and speed equipment as car owners come back to dressing up their cars.

These segments, however, are being taken over by the specialty chains more than the full-liners.

In accessories, some of the strongest growth is expected in seat covers. Chains anticipate 20% to 25% sales growth this year in models ranging from low-end vinyls, priced below $10, to sheepskin and simulated sheepskin, priced as high as $60.

Sales growth is also expected in wheel covers. The best sellers include plastic and wire models, priced in the $12 and $20 areas, respectively.

Other decorative accessories expected to flourish this year are imported car mirrors, exterior trim and electric radio antennae. Recent lowering of retail prices from $39.99 to $19.99 following technological innovations are expected to boost the latter's sales dramatically.

(Continued on page 70)

CENSUS '84/'85

Car customizing assortments, as at Bradlees' newly renovated Watertown, Mass., store, make a sporty appeal to the young-at-heart. Several styles of wire wheel covers are displayed. *(DSN photo)*

Discounters' car care assortments have been widening with the increasing age of the average car. Ames, Westport, Conn., contains an 8-ft. section with no fewer than 37 waxes, sealants and cleaners.

Just 49 Motorcraft tested tough batteries cover over 92% of the cars and trucks on the road today. Maximum coverage out of minimum shelf space.
With advanced hybrid chemistry, our batteries have a long shelf life and provide more cranking power than similar low antimony batteries. What's more, tested tough car and light truck batteries are available with 40, 50, and 60 month warranty coverage and can be purchased wet or dry. Plus you can take advantage of our 25 unit drop ship feature.
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Tested TOUGH 60
Motorcraft
Tested TOUGH 50
Motorcraft
Tested TOUGH 40
Motorcraft
Tested TOUGH 69
Motorcraft
Tested TOUGH 60
Motorcraft

Automotive

(Continued from page 68)

At the same time, chains expect sales of speed equipment and other high-performance gear to bounce back as gas prices stabilize. At least one specialist has begun carrying such items as turbo mufflers, headers and carburetors.

The high percentage of older cars on the road, coupled with the high cost of car repairs, has made the DIY hard parts business blossom. Said one chain executive:

"There's nothing the average person deals more with and knows less about than cars. The longevity of cars, the expense of repairs and the price of cars are driving shoppers into the auto specialty stores with do-it-yourself efforts."

Interest Is Building

The growth of the DIY hard parts business has prompted discounters to consider the category. K mart, for example, recently reworked its merchandise mix in four Alabama stores to include hard parts, sold over the counter for the first time.

In other basic categories, batteries are expected to grow by 25% in sales this year, following a spectacular year in 1983 caused by foul winter weather throughout much of the country. To help achieve this objective, some chains, like K mart and Richway, are relying exclusively on high-margin private label batteries. Others, like T.G. & Y., are getting behind single nationally known brands like Delco Freedom 40's.

Development Anticipated

In waxes and polishes, chains will be looking for 10% to 25% sales gains after they cut by up to 50% their assortments of polymers and gimmicky products like spray wax and minute wax in favor of mainstays like J-Wax and Turtle Wax.

One of the more dramatic changes to occur in the automotive aftermarket in some years was the decision by the leading motor oil suppliers to change their packaging from cans to quart-sized narrow-neck plastic jugs that enable motorists to pour oil directly into their crankcases without spouts for funnels.

Discounters expect this move to raise retail oil prices and to eventually cut into the high-margin spout and funnel business. Still, oil is expected to remain the auto department's promotional mainstay.

Housewares: $6.9 Billion

- **Full-line Discounters $6.3B**
- **Specialty Discounters ..... N.A**
- **Catalogers $0.6B**

Full-line Discount Store Productivity

Sales	$6.3B
Sales per Store	$776,915
Department Size	5,770 Sq. Ft.
Annual Sales per Sq. Ft.	$134.65
Turns	3.2
Initial Markup	41.1%
Gross Margin	30.2%

Microwave Cookware's Sales Grow

Nationwide DSN Report

Heightened fashion thrusts, wide-scale price stability and the surging popularity of microwave cookware, space-saving and electronic appliances will keep housewares departments as a growth leader in 1984.

Housewares sales are expected to rise to $6.3 billion this year, up from $5.9 billion a year ago. On a store-for-store basis for full-liners, that increase translates into almost $50,000 in additional sales per unit, to $776,915—from a department whose average size remained stable.

Initial markup is rising this year from 40% to 41.1%, though turns are slowing, at 3.2 compared with 3.4 a year ago. Gross margins are also dipping, to 30.2% from 31.5% in 1983.

Chain efforts to boost department productivity are characterized by the introductions of upgraded lines and layered price points, more cross-merchandising and color coordination, the use of higher fixtures and tighter planogramming.

K mart's Kitchen Korners, slated to double to 1,100 stores by the end of this year, involve most of these strategies—and have resulted in impressive 40% same-store sales gains and overall gross margin improvements of 1½% in revamped departments.

Murphy's Mart, Bradlees and Roses are among other chains evolving their housewares departments to spark greater performance—though they're doing it in ways that broaden customer appeal without neglecting the basic opening price point shopper.

"We try to capture two different customers," said a Murphy's Mart buyer, "one who wants the department store item at a discount price and our everyday average customer who wants inexpensive."

To do that in cookware, for example, Murphy's Mart has layered $79 Club Aluminum and Revereware stainless sets

(Continued on page 77)

SALES BUILDER

Thomas Jefferson created Monticello with pride, care, and the goal of having it remembered through the years. He succeeded.

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Microwave Cookware's Volume Grows

(Continued from page 75)

on top of its 1983 best seller—a $27.99 seven-piece aluminum set.

The chain is also color-coordinating its cookware, kitchen textiles and accessories to build impulse sales and add excitement to displays.

At Bradlees, low-end kitchen basics are displayed in gondolas, while items such as $30 tea kettles, patterned cookware sets and kitchen textiles are shown more boldly on direct-lit colored fashion walls. Bradlees earlier this year reintroduced microwave ovens selling in the $200 range, and cross merchandise them prominently with microwave cookware and carts.

Roses recently began testing its version of improved presentation with Kitchen Nooks in 20 stores.

One of the fastest growing segments of cookware for discounters and catalogers is microwave accessories. However, many merchandisers are undecided where to place the products—whether to put them with conventional cookware or cross merchandise them with the ovens directly. Cataloger L. Luria & Son does both, depending on the layout of individual showrooms.

S. E. Nichols, which has placed its microwave cookware with its conventional merchandise, tested the lines mixed among the ovens in a special promotion recently. After evaluating results, the chain may display the cookware in both locations permanently, a spokesman said. Ames already has decided to use both locations—putting microwave accessories with conventional cookware in older stores and with the appliances in later prototypes with success in both instances.

A Step Forward

With sales gains of up to 40% in microwave cookware predicted for 1984, some merchandisers say the category is so hot that location isn't important. "It doesn't make a difference where it is," a Clover spokesman said. "We've found it's more convenient for customers in cookware, but if someone wants it, he'll find it."

Dinnerware, too, has received upgraded presentations to display trade-up lines to best advantage. Newcor stoneware sets in the $20-$40 range for service-for-four has breathed new life in dinnerware at Gemco. "New colors with an emphasis on pastels and bold designs in stoneware are certainly helping us break with the conservative past," a spokesman said.

While other chains, including Roses and Richway, also are basing their fashion image on stoneware, Murphy's Mart has also added porcelain china. Sabin 20-piece sets at $25 are currently being retailed and a 45-piece set that would sell in the $40-$50 range is being considered.

Still, basic Corelle has seen an upsurge in chains, including Zayre, Ames and Clover, in large part because of 1984 price reductions. "We've experienced a total rejuvenation in Corelle since they lowered prices. It wasn't worth promoting before," an Ames spokesman said. A 25% drop in the sale price—from $19.99 to $14.99 for a 16-piece set—has helped fuel a fourfold gain for the chain's Corelle sales.

Fashion trends are somewhat trickier to exploit in departments outside the kitchen, such as KD furniture. Many chains feel that KD is too volatile to safely go into in a big way. A cautious Fishers Big Wheel merchandiser observed, "Since portions of KD are trendy, how long will it be before something else comes along to replace it?"

Among the KD top movers currently are microwave oven carts, Americana-look hutches, computer desks, flip foam furniture and entertainment centers. While consumers are buying—in recognition of KD's value and improved general quality—these lines eat up large amounts of floor space.

Promising Area

Nonetheless, Jamesway is banking on high-quality KD to help lure more affluent customers into its stores. Increased advertising and better presentation on side chairs and brass and glass tables will be key items in the effort. "I think we've just scratched the tip of the iceberg," a Jamesway spokesman said. "I see the business moving into items that only furniture stores carry now."

Merchandisers express more unanimity about small electrics, expecting consumer demand for newly refined updates on old standards to be strong across the board. The uneasiness in this category is whether supplies will be sufficient to meet demand on key items.

Cordless and electronic irons, hand-held vacuums and especially space-saving kitchen electrics are among the hottest items in the category.

In 1983, when Black & Decker broke open the hand-held vacuum field with its Dustbuster, supply problems were acute for many discounters and catalogers. As a result, many chains, including Service Merchandise and Gold Circle, added offerings from Norelco, Douglas and other vendors.

However, the 1984 crunch is likely to be felt in wall-mounted and undercabinet kitchen electrics—especially those with the G.E. brand. Enormously popular, the small appliances already have been difficult for some retailers to get and may be in very short supply by the fall gift-giving season. This prospect causes merchandisers to be very uneasy about scheduling promotions.

Murphy's Mart, Robinson Township, Pa., focuses on name brands, spotting nationally known logos and merchandise illustrations on an overhead display in the housewares department. *(DSN photo)*

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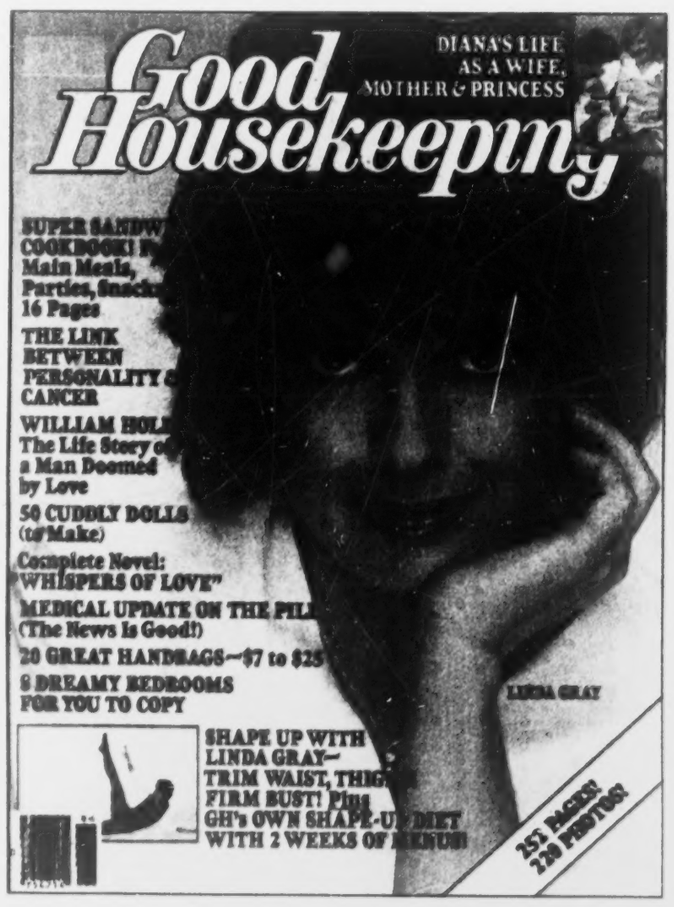

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Electric Housewares: $2.3 Billion

- **Full-line Discounters $1.7B**
- **Specialty Discounters ..... NA**
- **Catalogers $0.6B**

Full-line Discount Store Productivity

- **Sales $1.7B**
- **Sales per Store .. $209,644**
- **Department Size ..... 880 Sq. Ft.**
- **Annual Sales per Sq. Ft. $238.23**
- **Turns 3.4**
- **Initial Markup 33.2%**
- **Gross Margin 21.4%**

Items That Save Space Are Gaining

Nationwide DSN Report

Consumers are in an expansive mood, housewares merchandisers believe, willing to spend more on a fashion image and for space-saving small electrics.

To capture more of this free-spending market, discounters have spruced-up their own in-house presentation to provide a more appropriate backdrop to display new trade-up products. Among the chains emphasizing fashion in 1984 are T.G. & Y., Fishers Big Wheel and especially K mart with its Kitchen Korner concept.

Typically, space-saving electrics cost $10-$15 more than their conventional counterparts. With consumers less price-conscious than in recent years, merchandisers are less inclined to erode margins by footballing prices.

These trends are expected to translate into more than $2 billion in sales, with full-line discounters accounting for $1.7 billion of that volume and catalogers accounting for just over $600 million.

To some extent, renewed consumer interest has pursuaded many full-line discounters to ease up on category promotions. As a result, while turns are slowing to 3.4 from 4.0 a year ago, average gross margins are improving to 21.4%, compared to 16.1% a year ago. Initial markup is also higher: 33.2%, compared to 28.3% in 1983.

Merchandisers' most vexing problem with many of the space-saving electrics has been supply of the most popular models. The wall-mounted and under-cabinet appliances are popular with consumers and return healthy margins with attractive prices, but delivery problems have caused uncertainty about planning promotions—and have lost sales and profits for retailers because of out-of-stock situations.

But perhaps because of the popularity of these products and their relative scarcity, dis-

(Continued on page 119)

Glassware: $0.8 Billion

- **Full-line Discounters $0.7B**
- **Specialty Discounters ..... N.A.**
- **Catalogers $0.1B**

Full-line Discount Store Productivity

- **Sales $0.7B**
- **Sales per Store ... $80,158**
- **Department Size ..... 620 Sq. Ft.**
- **Annual Sales per Sq. Ft. $129**
- **Turns 4**
- **Initial Markup 40.7%**
- **Gross Margin 34.9%**

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Mfr. Rivalry Adds Promo Opportunity

Nationwide DSN Report

Housewares merchandisers expect healthy sales gains in 1984 to come from glassware, but buyers are taking markedly different approaches to reach their goals.

Overall, full-line discounters are expected to gross an additional $100 million in glassware sales this year, bringing that segment of the industry's volume to $700 million. Turns, initial markup and gross margins are fairly even with productivity figures of a year ago: Turns are rising slightly to 4.0 from 3.8 in 1983; initial markups are off 0.3% to 40.7%, and gross margins are running ½ of a percentage point behind last year at 34.9%.

For catalogers, glassware sales are projected to hit $30 million by year's end.

Sets of glassware, particularly 24-piece groups, have been popular, but domestically produced 12-piece sets allow merchandisers to stay below a $10 price point. Four-packs concern some merchandisers because the per-piece price may be perceived as uncompetitive, while other merchandisers are wary that larger sets limit the styles and shapes that may be offered.

An abundance of suppliers, however, permits discount chain buyers to benefit from the intense competition. Rivalry among manufacturers has led to more promotional opportunities as they fight for market share and try to reduce inventory.

One move by a major manufacturer represents a different route to gain an edge over the competition. Libbey is offering a two-year limited warranty against chipping of the rims of its glasses. While the company cites research indicating that consumers welcome such a warranty, many chain buyers are less certain the program will help. Requirements that customers retain sales slips and mail the damaged glass to Libbey are cumbersome and expensive, they maintain.

CENSUS '84/'85

Personal Care Electrics: $3.1 Billion

- **Full-line Discounters $2.9B**
- **Specialty Discounters ..... N.A.**
- **Catalogers $0.2B**

Full-line Discount Store Productivity

- **Sales $2.9B**
- **Sales per Store .. $357,627**
- **Department Size ..... 850 Sq. Ft.**
- **Annual Sales per Sq. Ft. $420.74**
- **Turns 3.3**
- **Initial Markup 30.4%**
- **Gross Margin 20%**

Decreasing Prices Help Up Volume

Nationwide DSN Report

Falling prices are generating sales of personal care appliances in discount store.

This year, sales in the category are expected to total $3.1 billion, with $2.9 billion coming from full-line discounters, a 7% increase from the $2.7 billion in volume generated a year ago.

For full-line chains initial markups are slightly lower than a year ago at 30.4% as compared to 30.9% in 1983. Turns are down one-half of a percentage point to 3.3 from 3.8; gross margins are also off a fraction, to 30.4% from 30.9%.

One of the biggest growth areas is the home health care category, where discounters and catalog showrooms already own a 30% share of the blood pressure machine and digital thermometer market. Industry estimates are that discounters and catalogers will increase their sales of these devices by 40% this year, as more chains enter the market or expand their mix. Manufacturer price drops of up to 30% are anticipated this year, due to increased competition and better technology leading to lower manufacturer costs.

While some discounters, such as Zayre, are wary about medically oriented merchandise, more traditional personal care appliances are showing new strength for virtually all retailers.

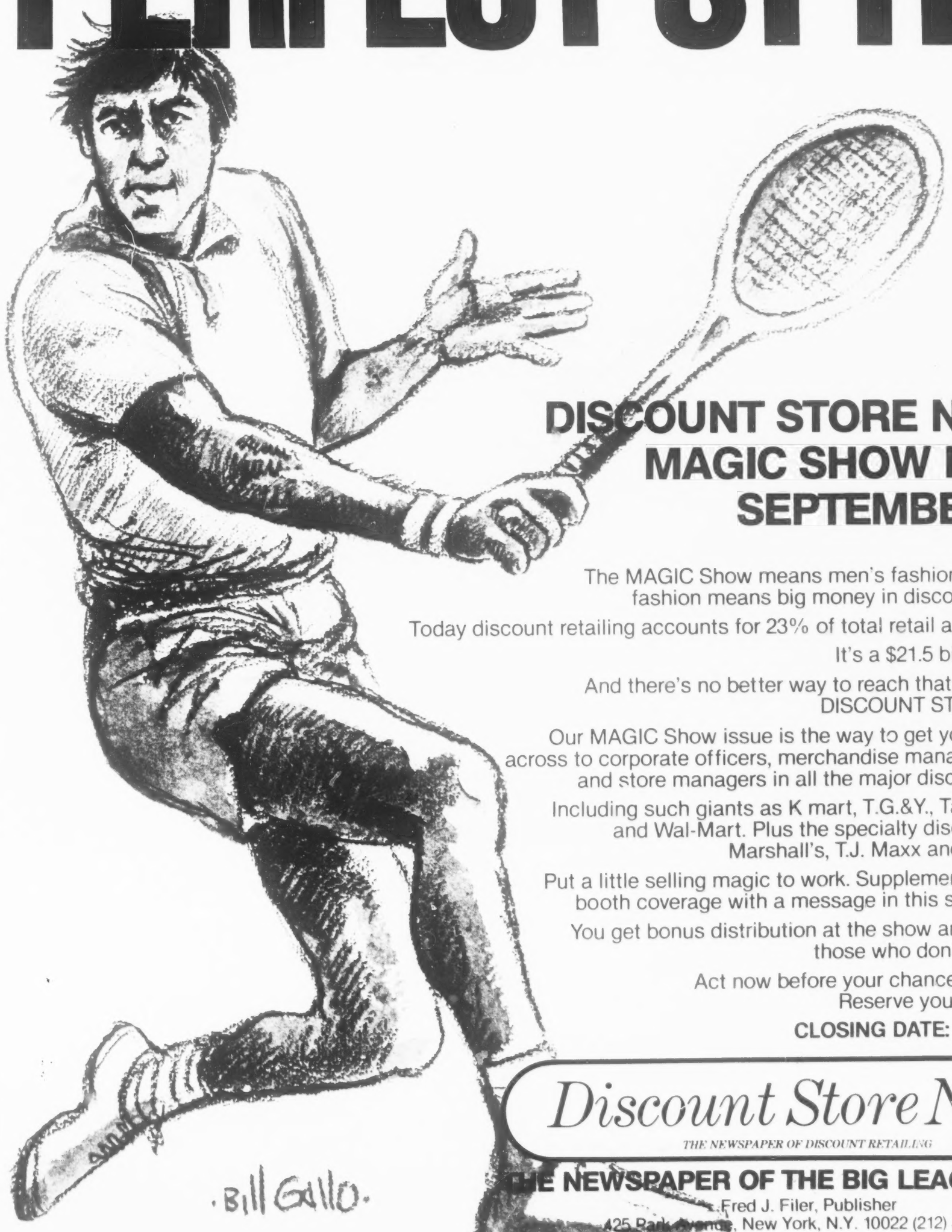
Hair care electrics are booming, merchandisers for Gold Circle, Roses and Gemco contend, because, in part, customers view dryers, curlers and similar products almost as disposable.

Low promotional prices and widespread rebates that combine to drop the final price to below $10 encourage that outlook, they said.

In 1984, for example, by combining rebates with promotions, K mart customers could purchase Conair curling irons or 1250-watt dryers for $7.97.

In other chains, prices for similar merchandise were as low as $5.99.

PERFECT STYLE.



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CENSUS '84, '85

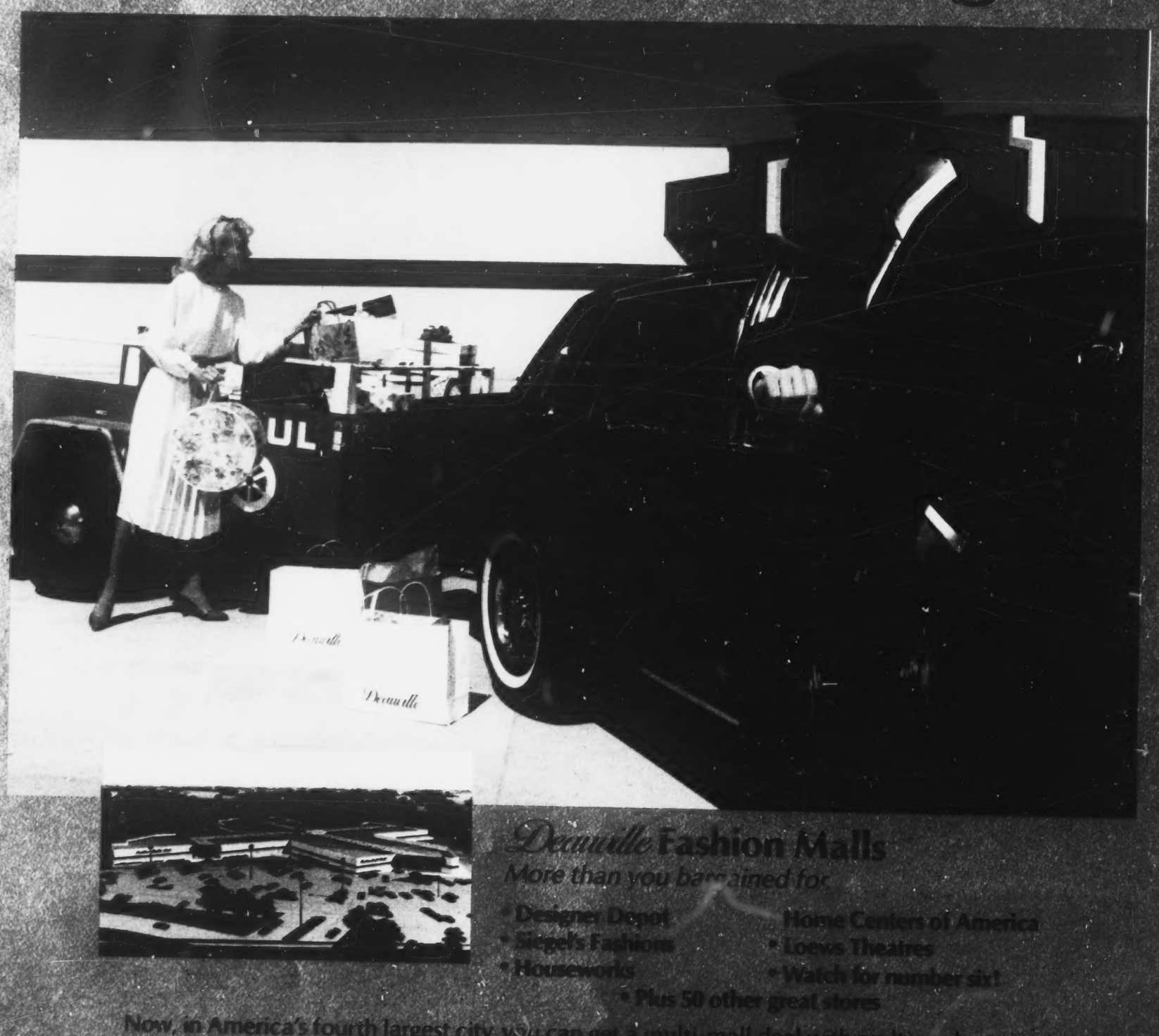
Domestics: $4.4 Billion

- **Full-line Discounters $3.2B**
- **Specialty Discounters $0.8B**
- **Catalogers $0.4B**

Full-line Discount Store Productivity

- **Sales $3.2B**
- **Sales per Store .. $394,623**
- **Department Size ..... 3,130 Sq. Ft.**
- **Annual Sales per Sq. Ft. $126.08**
- **Turns 2.5**
- **Initial Markup 43.4%**
- **Gross Margin 35.3%**

Everybody loves a bargain.



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Open
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I-10 East
Open
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Deauville Development Corporation
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Displays, Mix Evolve Significantly

Nationwide DSN Report

Higher-grade fabrics, brand names, licenses and more enticing coordinated displays are changing the look of discounter domestics departments.

From stores which once stressed only no-frill budget basics, such as Murphy's Mart, to longstanding upscale discounters, such as Bradlees, merchandise mixes and presentations have evolved significantly in recent years.

For some catalogers, however, domestics has proved less than a success.

The industry's leading cataloger, Best Products, pulled out of the category earlier this year, blaming space limitations in its showrooms.

Almost at the same time that Best was pulling out of domestics, however, Chicago-based McDade's was getting into the category in a big way.

A McDade spokesman said domestics enhances the chain's image and helps draw traffic, particularly with post-Christmas white sales.

H. J. Wilson and Service Merchandise remain active proponents of the domestics business and will help account for the cataloger market segment's projected $400 million in sales by year's end.

Full-line discounters, for their part, are expected to produce more than $3 billion in domestics sales by the end of this year, up from $2.8 billion.

Those full-liner departments have also become more productive with gross margins rising one percentage point to 35.3% while turns slow only a fraction from a year ago to 2.5 (compared to 2.8 in 1983). Initial markups are also moving slightly ahead to 43.4% from 43%.

Apart from upgraded in-store presentation, one of the most significant developments in 1984 is the extension of licenses beyond juvenile domestics. Stevens introduced its Gloria Vanderbilt "designer" line targeted specifically for the mass merchandiser market.

Toys: $6.9 Billion

- **Full-line Discounters $4.1B**
- **Specialty Discounters $2.0B**
- **Catalogers $0.8B**

Full-line Discount Store Productivity

• Sales	$4.1B
• Sales per Store	$505,611
• Department Size	2,500 Sq. Ft.
• Annual Sales per Sq. Ft.	$202.24
• Turns	3.1
• Initial Markup	36.5%
• Gross Margin	28.4%

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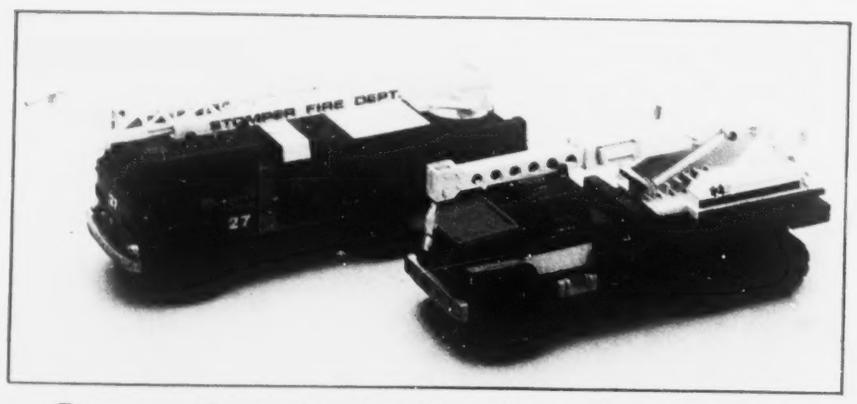

Stomper Heavy Haulers™ and Road King™ Semis

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Main Worry Of Buyers Is Delivery

Nationwide DSN Report

If toy merchandisers aren't breaking out the champagne at New Year's, the reason will almost certainly be that manufacturers didn't live up to delivery promises.

Discounters—and all toy retailers—experienced explosive demand in almost every area of the once-moribund toy category in the past year and virtually everyone in the industry expects the coming Christmas season to be a repeat. Licensed toys, dolls, plush toys and even board games are surging and consumers are not blinking at price points exceeding $30.

Several toy chains are also focusing in on higher priced nontoy merchandise. Toys "R" Us and Child World have both made store layout adjustments, adding up to 2,500 sq. ft. to big ticket areas such as bicycles and juvenile furniture.

Overall, discounters, including toy specialty chains, are expected to sell almost $7 billion worth of toys this year. Full-line discounters will account for nearly 60% of that volume, with their toy sales due to rise to $4.1 billion up from $3.7 billion a year ago.

Specialty discounters, including Toys "R" Us, Child World and Kay Bee, will account for another $2 billion in toy sales alone; cataloger toy sales are projected at $800 million.

While consumers appear eager to buy, the fear of merchandisers is that demand will far outstrip supply.

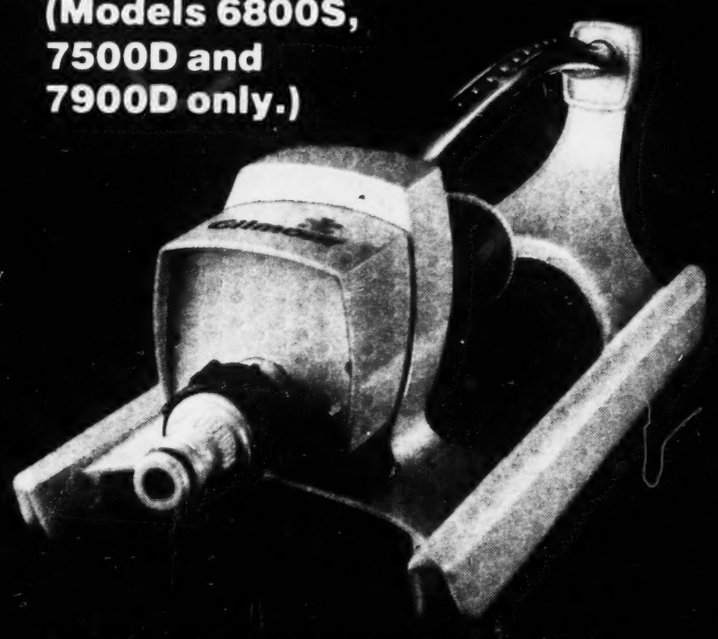
Most merchandisers are pleased by moves made by manufacturers to capitalize on the popularity of last year's big winner.

Coleco's Cabbage Patch dolls, which had consumers in a virtual frenzy for much of the last year, have been exploited with the introduction of "Preemies," junior in "age" to the original figures but carrying the same price. As with most other dolls, Coleco also has clothing and other accessories for new "parents" to buy for their dolls.

Now Gilmour includes a free Gentle Spray Attachment with each Dial-A-Mix™ sprayer.

A nifty, useful accessory worth $1.00 Makes the Dial-A-Mix even more versatile and attractive.

And a free Male Quick Coupler with Gilmour oscillating sprinklers (Models 6800S, 7500D and 7900D only.)



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CENSUS '84, '85

Barbecues And Patio L&G Oases

High-ticket groupings of patio furniture were a star performer for discounters again this season. Caldor, Lake Ronkonkama, N.Y., placed them near another popular backyard picnic item—gas barbecue grills. *(DSN photo)*

Nationwide DSN Report

While gardening was rained out this year for much of the nation, patio and barbecue goods are expected to continue to cheer up lawn and garden buyers.

Lawn mowers, too, continue to be a healthy product line for merchandisers while trimmers hold their own.

While nationally discounters are far from downcast, most think wistfully of what might have been with a few more sunny weekends in April or May. A buyer at a Midwestern-based chain, which increased sales by 15% this year, observed sourly: "We don't know what a normal spring is. This was the third year in a row of this kind of weather for us. The only difference was that this year it rained 21 weekends in a row against 19 last year."

A buyer at a Wisconsin-based chain agreed that weather is all-important for many merchandise segments, but happily reported that his markets' weather was fair and dry, unlike 1983. For example, his chain experienced a 36% increase in the sale of live plants, but he added, "only the weather made that happen. Last year was the most frustrating year in a long time."

With such a weather-sensitive category, he said, "There's no way you're going to guess right all the time." After a very dry May, his stock in sprinklers and hoses and nozzles was low, and he had to decide whether to buy back in. "I think the moment I wrote the order it started raining and it didn't stop for two weeks."

If despite poor weather, lawn and garden merchandisers remain cheerful, it is because customers again this year have shown an eagerness to be traded up in patio furniture, barbecues, mowers and even string trimmers.

Bonnie Smith, patio buyer for Grand Central, said she was gratified by response to the introduction this year of $400 outdoor furniture sets. A Wisconsin discounter was surprised at the strength of a $119 gasoline-powered Lawnboy trimmer. Virtually all discounters reported that gas grills, especially in the $150 area, continued to gain strength against more promotional gas and charcoal barbecues.

While gas was clearly catching fire last year, Jamesway's Angelo Bianco said consumer response in 1984 is still "beyond expectation." Jamesway carries five gas models this year against four last year. Bianco said customers are prone to trade up impulsively once they are in the store. Glass fronts, side tables, larger burners and the overall size of the grill convince many customers to buy trade-up models, he said.

The future of charcoal grills is less rosy, although discounters say they will always have a place in the market. A Harts spokesman, Jamesway's Bianco and the Wisconsin merchandiser said that charcoal barbecues have been inching backwards in sales for years and at Grand Central, Smith said that unit-for-unit, gas now equals charcoal. Buyers cited the extra convenience of gas and the rising price of charcoal briquettes as major factors for the change.

The greatest weakening, said Harts buyer Ted Markovich, was in the upper limits of charcoal grills, which are almost as expensive as many full-size gas units. Promotional charcoal grills, he said, remain a volume product.

In addition to spending more on gas grills, backyard picnickers also are trading up on their patio furniture, buyers reported. While the Jamesway and Harts spokesmen said that PVC-pipe furniture has not shown quite the strong gains some predicted, it has been entirely satisfactory. Markovich was especially enthusiastic about cushioned furniture sets and said he will go to next month's hardware show on the lookout for more outdoor furniture for next year, especially brightly colored, fashion-oriented pieces.

Buyers also were pleased that mowers continued to gain momentum in 1984 after showing unexpected strength in 1983. A K mart spokesman said early sales figures from the South showed substantial increases; Northern figures, not available at presstime, are expected to be up after a slow, weather-influenced start.

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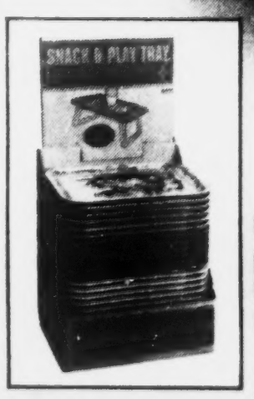

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Prominent signs invite customers to compare prices of soft drinks to help entice them to impulse-buy at Wal-Mart, Bentonville, Ark. Highly promoted, beverages turn 70 times yearly in discount stores.

Consumables Outlook

Flavored Popcorn A Tasty Surprise In Margin Crunch

Nationwide DSN Report

Traffic is still the name of the game for food and other consumables in discount stores, but healthier margins are obtainable on trendy or impulse items.

Aggressive pricing strategies on basics, such as soft drinks and frequently advertised canned goods, are highly effective at bringing customers into the stores, merchandisers agree. But at least one chain has in 1984 discovered a relatively high-ticket, high-margin line that consumers are literally gobbling up.

Denise Jacobson, a buyer for Grand Central, said the latest rage in her markets is flavored popcorn. "These things are just selling like crazy," she said. Christmas and Father's Day promotions were especially successful as customers bought 2- and 3-gal. buckets of flavored popcorn and specialty pretzels at price points of up to $12.99. Overall, this merchandise has a 32% margin, she said.

Featuring flavors such as cinnamon, taco, nacho cheese as well as the more traditional carmel corn, Grand Central has set up a 4-ft. gondola for the fancy popcorn and specialty pretzels. The top four shelves hold 5-oz. bags priced at $1.19 with three shelves beneath holding the larger tubs priced from $8.99 to $12.99. Jacobson said that while she had been confident the products would do well, she was happily surprised to see her expectations exceeded.

For the balance of her department, the emphasis is on convenience and impulse buying rather than on heavy price promotions. A spokesman for a discounter in the Southwest said he, too, has shied away from competing heavily with food retailers because supermarkets in his regions abound and have far more expertise in logistics and marketing.

Plans Aired

However, he said his chain, which has no permanent food sections, plans to start promotions on staples such as tuna fish and peanut butter and jelly in its back-to-school advertising.

A major problem for almost all discounters retailing food items is dating and residual merchandise left over after promotions.

However, with markups of 40% and eight turns annually, candy is a key element in any consumables merchandise mix. Ken Burdick of Pamida estimated that up to 90% of candy purchases are made on impulse.

While Jacobson is ecstatic about her exotic popcorn, Nichols' Jay Rosmarin is finding room for a permanent endcap display of Danish butter cookies. More changes in the category will be coming at Nichols, he said, as the chain later this year develops a more standardized planogram for its stores. At present, he said, the size of the department varies widely, from a mere 16 running feet in smaller stores up to 72 ft.

Pamida, this year, settled on a standardized planogram for its stores with a total of 68 ft., including both permanent and seasonal merchandise, Burdick said.

The spokesman for the Southwest chain said there is no space now set aside for food items. However, if the back-to-school promotion is successful, he said the discounter will probably install a regular food gondola with merchandise stocked on an in-and-out basis depending on the best buys that can be made at the time. He said he envisions two or three monthly promotions.

At almost all discounters, consumables are placed at the front of the store either near the main traffic aisle as a draw or near the registers.

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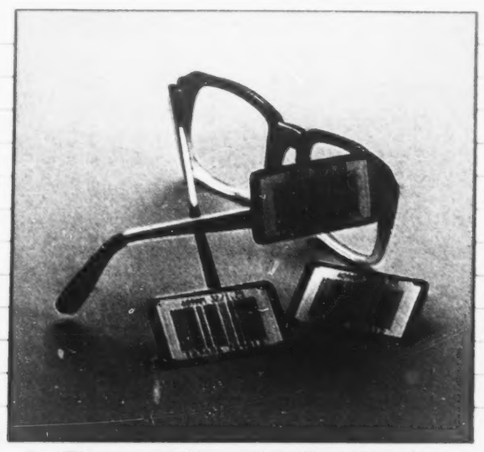

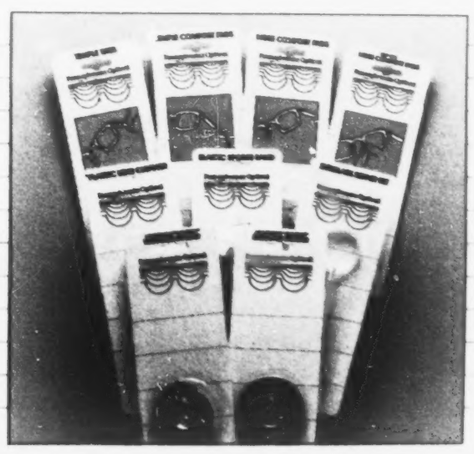

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Hardware: $4.9 Billion

- **Full-line Discounters $4.8B**
- **Specialty Discounters ..... N.A.**
- **Catalogers $0.1B**

Full-line Discount Store Productivity

- **Sales $4.8B**
- **Sales per Store .. $591,935**
- **Department Size ..... 3,210 Sq. Ft.**
- **Annual Sales per Sq. Ft. $184.40**
- **Turns 2.4**
- **Initial Markup 41.9%**
- **Gross Margin 32.1%**

Easy-to-Install, Fix-up Products Advance

Nationwide DSN Report

While hardware departments have grown smaller over the years as discounters have gotten out of the major-repair home improvement business, the category remains a stable component of full-line and catalog showroom merchandise assortments.

Growth today is coming from fashion-oriented and more simple-to-install home fix-up products like wallpaper, ceiling fans and closet organizers, and from expanded, and more expensively priced KD furniture offerings.

Other growth classifications in the department include oil-filled heaters and electronic security devices.

Overall, sales from discounter and catalog showroom hardware assortments are expected to top $5.6 billion, and account for 5% of all merchandise sold in discount stores by year's end.

For full-line chains, hardware sales are projected to reach $4.8 billion; catalogers, with very narrow assortments, are expected to produce another $800 million by the end of 1984—10% of that industry segment's total volume.

Ceiling fans are one area expected to keep growing through this year and into next. After much promotional footballing and experiments with price points above $200, merchandisers at most chains expect fans priced in the $100 area to be the star performers. The value discounters can offer at this price point is enhanced because manufacturers have lowered prices. Many fans that were priced at $150 last year are now being sold at or near $100 every day this year.

Promotional 36-in. and 42-in. fans, with prices at or below $60, no longer attract the majority of customers. Instead, because prices on dressed-up 52-in. fans have dropped, customers are eager to trade up, buyers from chains such as ALCO, Heck's and S. E. Nichols reported.

In addition, ceiling fans are no longer viewed primarily as seasonal merchandise. A winter promotion of the fans at Van Leunen's resulted in the best monthly sales in years.

Further Developments

Regardless of weather, kerosene heaters seem in for a poor winter season, but most chains anticipate that oil-filled space heaters will prove capable of taking up the slack. In addition, humidifiers may help turn up the temperature for sales in this supplementary heating category.

Some chains, including Zayre, have dropped kerosene heaters because of the products' poor publicity, stiffened regulations or local prohibitions. Merchandisers at Zayre, as well as Murphy's Mart, Clover, Heck's, Nichols and other chains expect the real strength to be in oil heaters in the $50-$80 range.

Because of stiff competition from home centers, slow turns and low profit/space ratios, few discounters—most notably K mart and S. E. Nichols—remained in the paneling, bulk insulation and lumber business. The space which might have been occupied by these items is instead being devoted to department basics or, at chains such as Gold Circle, Richway, Venture and ALCO, to more fashion oriented, home fix-up products like wallpaper.

Changes are expected in hand tools as well. Domestic brands, especially Stanley, will continue to be the choice for discounters at the high end. However, chains such as Fishers Big Wheel have noted a demand for better quality even among lower-priced imports. A new niche is emerging, many merchandisers say, for hand tools priced between the promotional imports and the top-quality domestic tools, leading to a good-better-best strategy.

In power tools, discounters look for growth from accessories or nontraditional electrical tools. Overall, 1984 may not be a banner year for the segment, with total sales growth a virtually flat 5%. According to most merchandisers, any real growth will come from items such as Black & Decker's popular Workmate assortment and the portable Hirsh Iron Horse, as well as small vacuum cleaners, portable lights and similar products. However, most chains expect little growth from hand-held power tools such as drills and saws or from bench tools.

When Black & Decker introduced the Workmate several years ago, it opened a whole new category in hardware. Fishers Big Wheel, New Castle, Pa., displays the Hirsh line of workshop tables and stools.

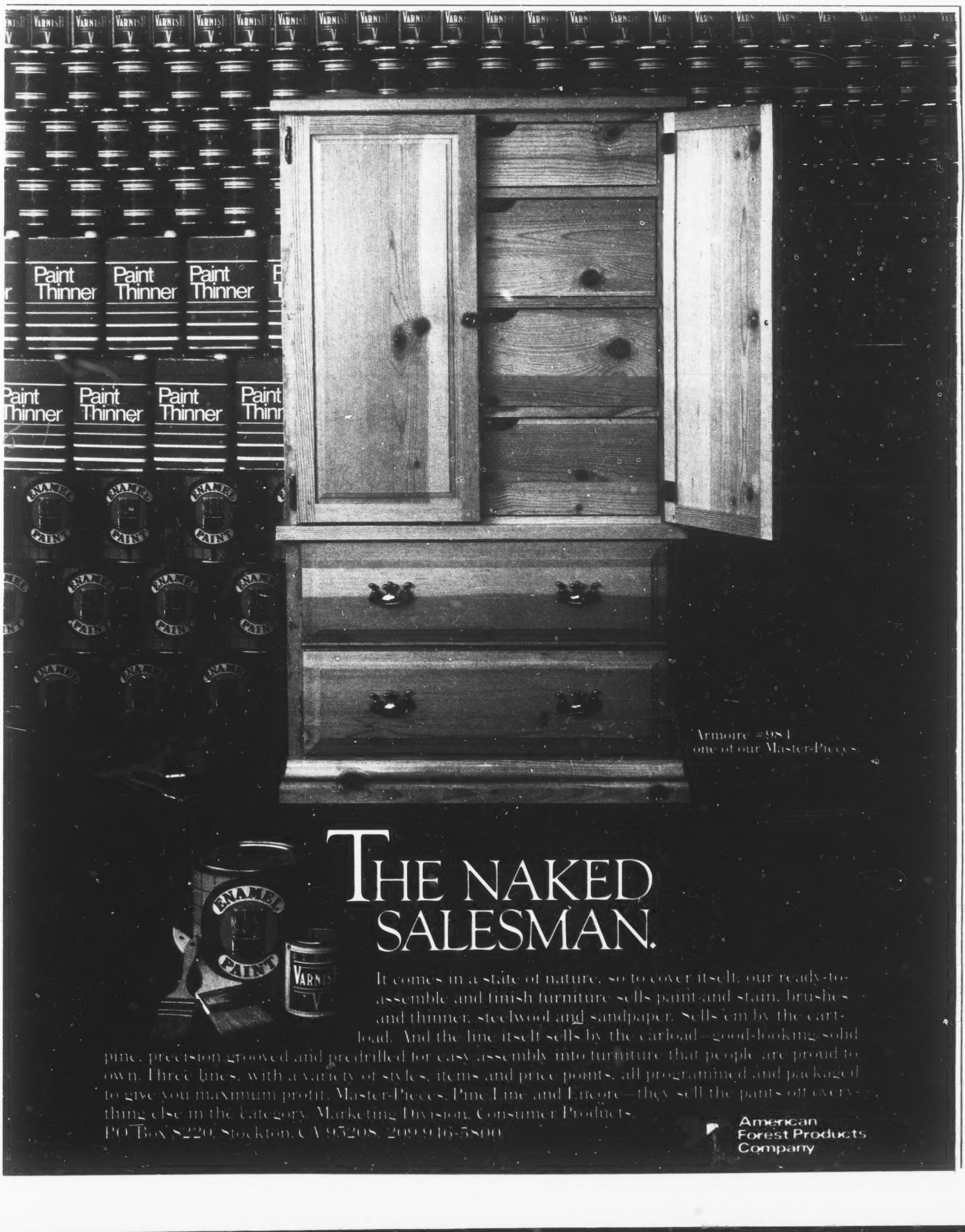
Catalogers concentrate on home workshops in their hardware merchandise mix, as shown at Best Products, in Fairfax, Va. Power tools and related merchandise rise from floor to ceiling on a wall.

Paint: $1.8 Billion

- **Full-line Discounters $1.8B**
- **Specialty Discounters ..... N.A.**
- **Catalogers ..... —**

Full-line Discount Store Productivity

- **Sales $1.8B**
- **Sales per Store .. $221,976**
- **Department Size ..... 1,250 Sq. Ft.**
- **Annual Sales per Sq. Ft. $177.58**
- **Turns 2.4**
- **Initial Markup 43.9%**
- **Gross Margin 35.2%**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More Colors In Fashion Tones Gain

Nationwide DSN Report

Through this year's rain-drenched first five months, discounters have taken various approaches to wean customers away from their umbrellas and onto their paint brushes.

Chains are (1) adding more fashion colors to their mix; (2) integrating broad assortments of stains; (3) promoting more aggressively, and (4) relying more on private label to lure traffic and boost department productivity.

Despite flat performance at midyear, because of the weather-induced late sales start, chain buyers report strong rebounds during the past month and some are projecting overall category growth as high as 10%-15% for all of 1984.

Paint department sales are expected to rise to $1.8 billion in 1984, up from $1.7 billion a year ago. On a store-for-store basis, that increase translates into almost $12,000 in additional sales per unit, to $221,976.

Turns and initial markup are expected to rise slightly in 1984, as gross margins remain stable at 35.2%.

Private label thrusts by chains such as K mart, T.G. & Y., Jamesway and Heck's are meant to boost everyday profits and reduce reliance on branded promotions. Buyers felt that since consumers wait for sales to buy 65%-75% of their paint, chains might fare better by emphasizing store labels—in order to keep a cap on everyday prices.

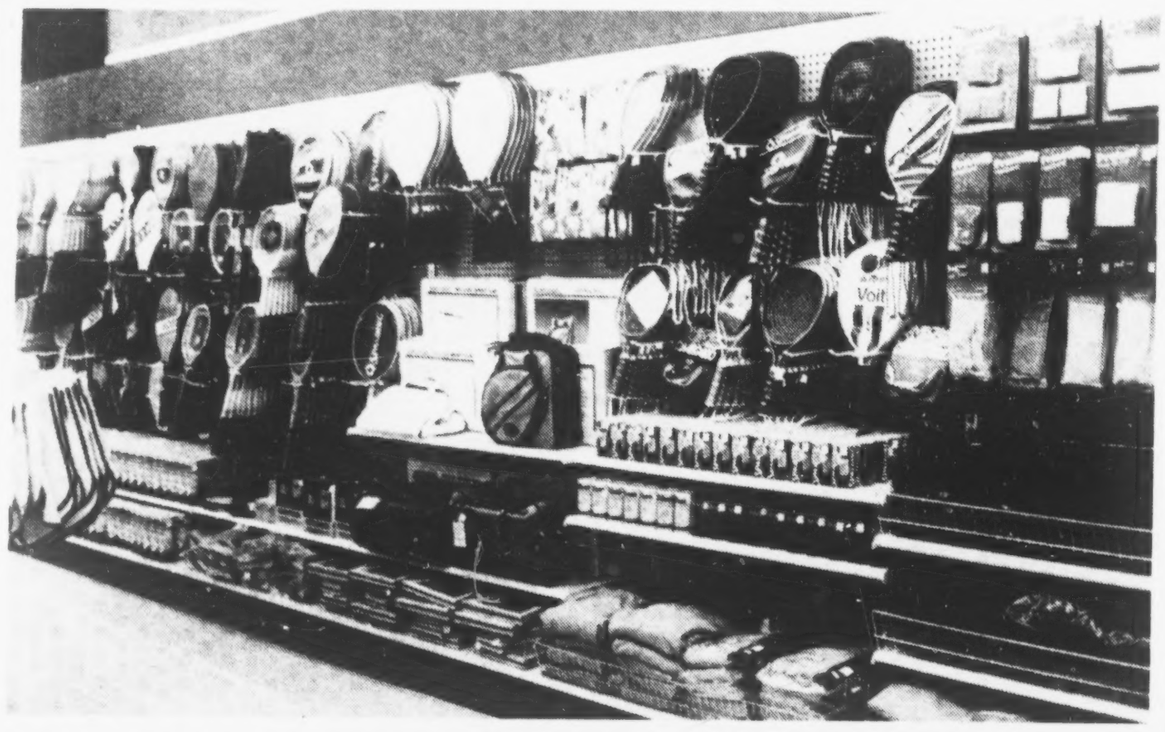
K mart prices its 8 Year store brand 10%-15% lower than Dutch Boy and newly added Glidden brands.

K mart experimented with a three-week-long name-brand truckload promotion this spring that it might repeat in 1985, said buyer Marvin Porter.

More important to department growth, he said, has been the addition of Minwax and Carver Tripp interior stains chainwide, and the introduction of Olympic stains to its stores with Home Care Centers.

Sporting Goods: $5.0 Billion

- **Full-line Discounters $3.8B**
- **Specialty Discounters $0.6B**
- **Catalogers $0.6B**



Full-line Discount Store Productivity

Sales	$3.8B
Sales per Store	$468,615
Department Size	2,500 Sq. Ft.
Annual Sales per Sq. Ft.	$187.45
Turns	2
Initial Markup	36.8%
Gross Margin	26.9%

Gains Seen For Fitness Equipment

Nationwide DSN Report

Home fitness equipment will lead the way to increased sales in sporting goods departments in 1984.

Overall, sporting goods sales will cross the $5 billion mark this year with full-line discounters accounting for a projected $3.8 billion in volume and the specialty discounter and catalog showroom segments each producing about $600 million.

For the full-line chains, that $3.8 billion in volume will represent a 12% increase over sales posted a year ago.

As Americans become even more health-conscious, home gyms, exercise bikes and other similar merchandise to trim away pounds and inches are expected to add up to 30% sales gains in those items at year's end.

Merchandisers are less enthusiastic about prospects for weight reduction gimmicks such as antigravity systems. Most agreed with a spokesman for cataloger H. J. Wilson, who described antigravity equipment as an "overpriced fad."

Renewed interest in exercise bikes, especially trade-up models, and road bikes complement discounters' merchandising of home gyms.

Giant K mart is expected to be among the most aggressive retailers of exercise equipment through the balance of the year, pushing high-ticket exercise bikes in the $100-plus area and gym equipment such as a $500 motorized trademill. A K mart spokesman said sales of similar equipment tripled in the last four years and that the chain is seeking to become the dominant market factor.

Backed by television and print promotions, large orders of exercise equipment are intended to give the discounter a substantial lead over key competitors. "We know Sears, Ward and J. C. Penney are looking at adding more exercise equipment," the K mart spokesman said, "but it will be at least six months before they can get anything of this quality in the quantities they need."

Other discounters are not planning any radical departures in their merchandise mixes this year, but will give more emphasis to higher-ticket multiuse fitness equipment.

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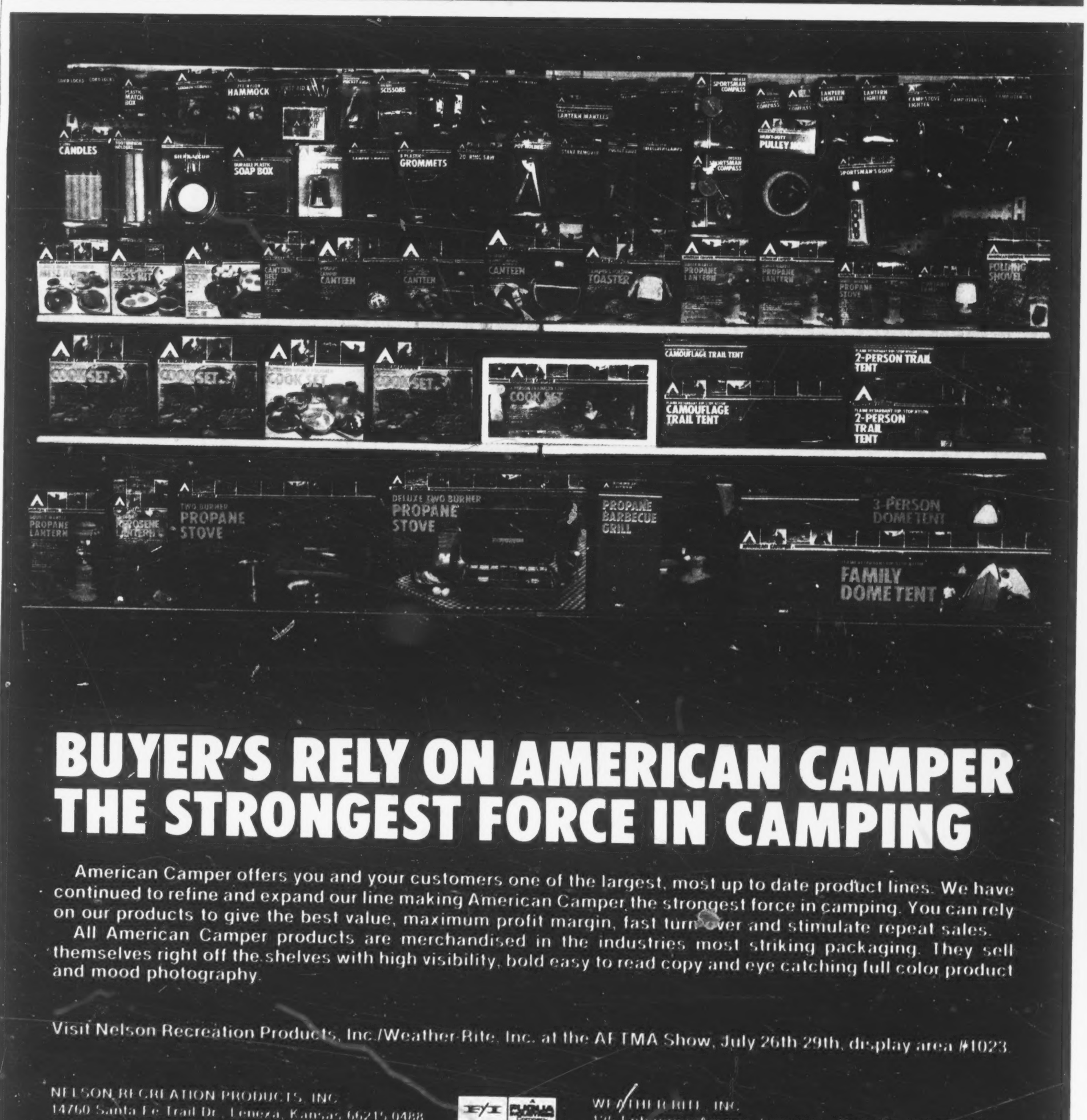

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Jewelry: $4.6 Billion

- **Full-line Discounters $1.4B**
- **Off-price Discounters $0.4B**
- **Catalogers $2.8B**

Full-line Discount Store Productivity

- **Sales $1.35B**
- **Sales per Store .. $166,482**
- **Department Size ..... 575 Sq. Ft.**
- **Annual Sales per Sq. Ft. $289.53**
- **Turns 1.8**
- **Initial Markup 49.9%**
- **Gross Margin 37.7%**

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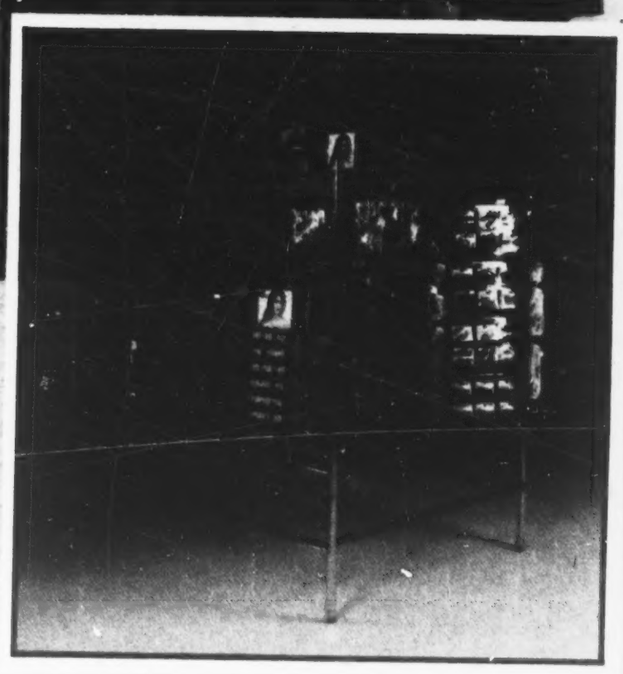

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Upgrade Set Throughout Assortments

Nationwide DSN Report

Fine jewelry, long the backbone of the catalog showroom business, is now getting a modest play in discount stores.

But, full-liners, interested in building their apparel businesses, are looking at upgrading the fashionability of less expensive costume lines for category growth.

Buyers note the resurgence in fashion jewelry with satisfaction, and are equally pleased about consumers moving away from low-end—and low-profit-margin—digital and promotional watches, which have sunk, in some chains, to the $2 and $3 range.

Now, said Murphy's Mart buyer Don Kiser, "it's a new ballgame in watches again." He believes consumers want a dressier, more fashion-conscious look, and are willing to pay for it.

Along with offering better quality assortments, chains are bolstering their upscaled image through changes in department layout and fixturing.

At Murphy's Mart, upgrading has prompted a two-store test where floor racks and endcaps were replaced with modular 24-in. and 36-in. cubes and flexible displays to create a more sophisticated, department store look. Gold Circle is improving in-case presentation and is building bridge assortments that stress colorful stones, natural materials like metal and wood, and bold, unusual patterns.

Gemco, whose fine jewelry sales have increased about 5½% over last year, is also working to give the department more of a jewelry store image.

The emerging concentration on upgraded styles and price points in jewelry and watches, along with a brisk business in color costume, has full-liners expecting more than $1.3 billion in sales, up from $1.2 billion a year ago. Off-pricers expect about $400 million in jewelry sales.

Catalogers, with their emphasis on fine jewelry, should generate about $2.8 billion.

Photo/Camera: $3.6 Billion

- **Full-line Discounters $3.3B**
- **Specialty Discounters ..... N.A.**
- **Catalogers $0.3B**

Full-line Discount Store Productivity

- **Sales $3.3B**
- **Sales per Store .. $406,955**
- **Department Size ..... 675 Sq. Ft.**
- **Annual Sales per Sq. Ft. $602.80**
- **Turns 3.2**
- **Initial Markup 24.5%**
- **Gross Margin 16.6%**

Assortment Broadened, Stepped Up

Nationwide DSN Report

Discounters are broadening their photo department assortments and emphasizing high margin photofinishing to increase profitability.

In the absence of sweeping technological innovations, full-line chains have stepped themselves up to 35mm cameras, including autofocus rangefinders, programmable SLR's and, in some cases, manual SLR's. More traditional point-and-shoot formats, meanwhile, have remained a staple of the chains' photo diets.

At the same time, a growing number of discounters are taking a closer look at the one hour mini-lab developing systems with an eye toward increasing profits while generating additional in-store traffic. But there are numerous obstacles to be overcome, including the initial start-up costs of typically $100,000, return on investment and minimum 400-sq.-ft. space requirements of the labs.

In camera equipment, the need for better profitability is illustrated by the slight erosion of already low margins in the photo category: initial markup is averaging 24.5% in 1984, down from 25% last year. Gross margins are dropping to 16.6% from 18%.

Overall, photo department sales are expected to reach $3.6 billion with full-line discounters accounting for the lion's share of the business or $3.3 billion, up from $3.1 billion in 1983.

In cameras, Caldor was among the early innovators in the step-up process, in part because of the attention paid to the category by founder and recently retired chairman Carl Bennett when he started the chain and still worked at store level.

Today the department includes more than 30 cameras, skewed to the 35mm format, including autofocus rangefinders, programmable SLR's and manual SLR's. Everyday prices range from $10 to $340.

The low margins on the hardware items are backed with high profit accessories.

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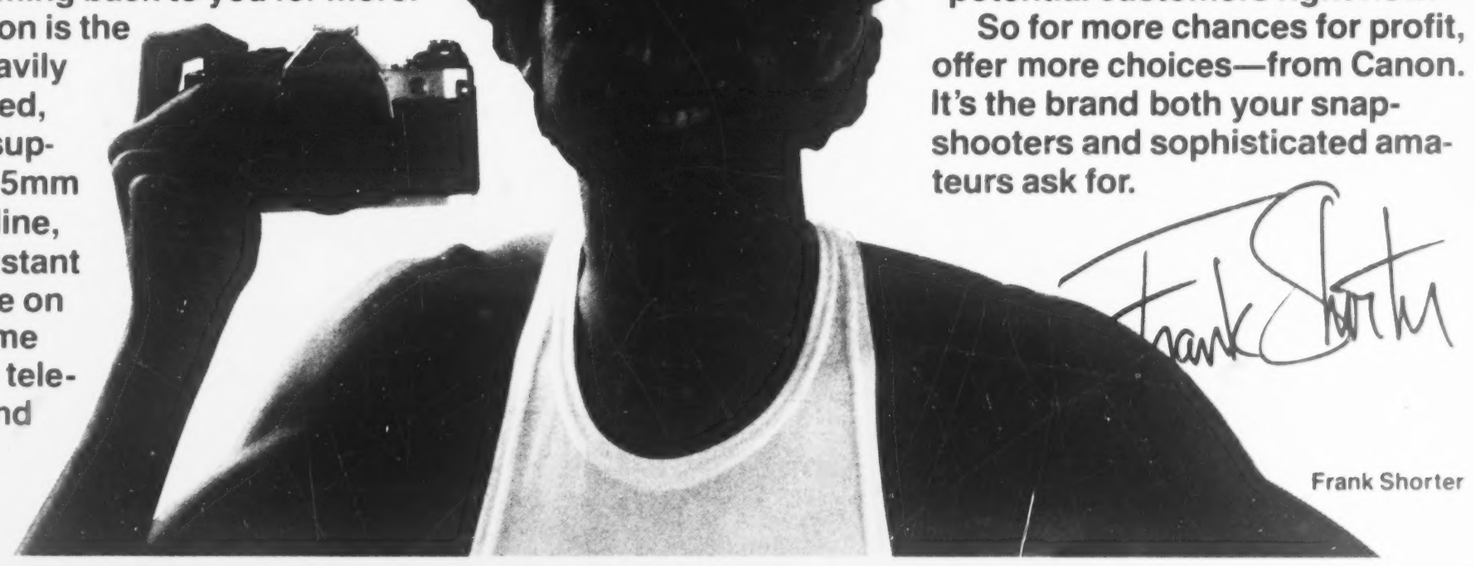

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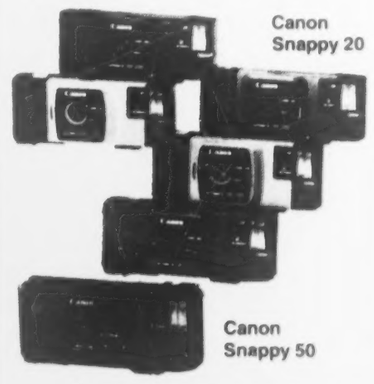

Canon Snappy 20

Canon Snappy 50

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Stationery: $2.1 Billion

- **Full-line Discounters $2.1B**
- **Specialty Discounters ..... N.A.**
- **Catalogers ..... —**

Full-line Discount Store Productivity

- **Sales $2.1B**
- **Sales per Store .. $258,971**
- **Department Size ..... 1,850 Sq. Ft.**
- **Annual Sales per Sq. Ft. $139.98**
- **Turns 3.5**
- **Initial Markup 46.7%**
- **Gross Margin 40.1%**

Licensed Products, Home Office Boom Help

Nationwide DSN Report

Discounters are capitalizing on the home office boom, continued strength in basic school supplies, and the steady stream of popular licenses to propel overall category growth.

Computer accessories like paper, mailing labels and 5 x 5 computer index cards are rounding out home office offerings, along with file cabinets and safes.

In school supplies, buyers have increased orders of winning licenses in items like theme books, portfolios and bookbags for the approaching back-to-school season although basics like filler paper and plain theme books will remain promotable BTS items.

The strength of these segments will help full-line discounters raise category volume to $2.1 billion, up from $1.8 billion a year ago.

This growth will be attained despite higher-price-induced weakening of filler paper, long a BTS basic and a key promotional item. Costs for filler paper have risen about 15% in the last year, forcing many discounters to pass along those costs to consumers.

The higher profits of licensed goods are earning them more shelf space and category prominence in 1984.

Having tested licenses last year and finding consumers willing to plunk down 40% to 80% more for character-stamped products, chains like Jamesway, Gold Circle and Richway will stock up to 15 sku's in licensed theme books and portfolios for the fall and five to 10 sku's in licensed school bags. Licensed portfolios yield 5% to 10% higher margins than basic ones, buyers said.

Overall, Richway has increased its total BTS investment in licensed products by 40% over last year, and is planogramming stores to carry about seven licenses in notebooks and about 10 in schoolbags, according to a chain

(Continued on page 119)

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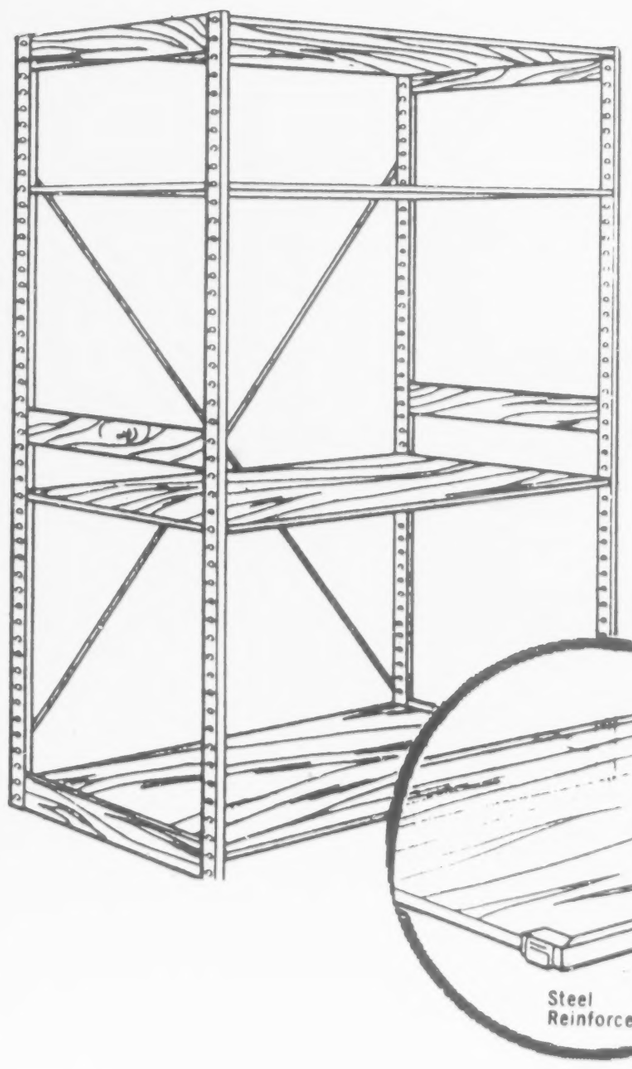

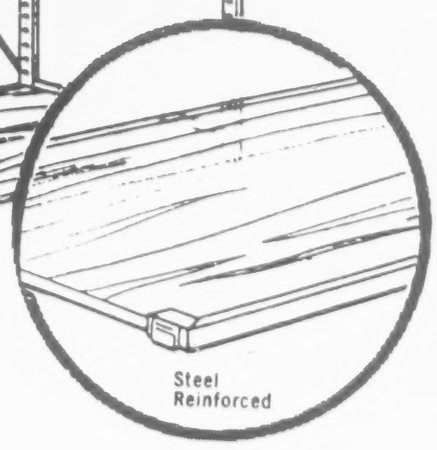

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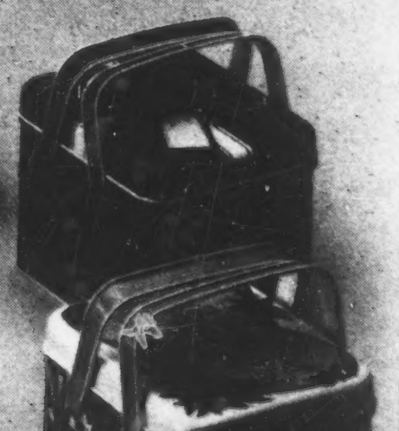

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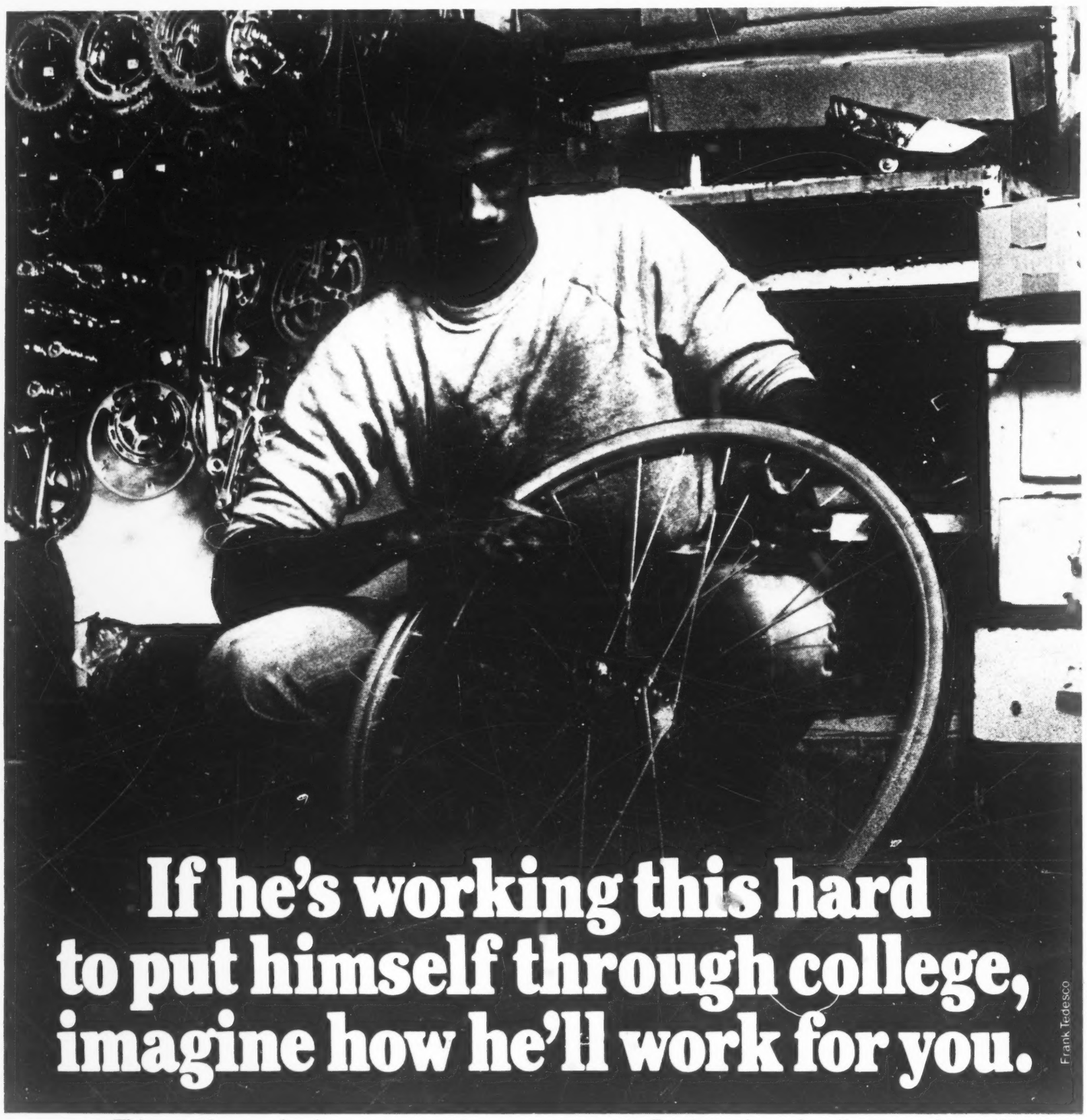
Health & Beauty Aids: $5.6 Billion

- **Full-line Discounters $5.6B**
- **Specialty Discounters ..... N.A.**
- **Catalogers ..... N.A.**

Full-line Discount Store Productivity

- **Sales $5.6B**
- **Sales per Store .. $690,591**
- **Department Size ..... 3,150 Sq. Ft.**
- **Annual Sales per Sq. Ft. $219.23**
- **Turns 4.5**
- **Initial Markup 26%**
- **Gross Margin 20.5%**



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Diet Aids, Vitamins in Promo Push

Nationwide DSN Report

New products, many at higher price points, will help fuel a $400 million sales increase of health and beauty aids in full-line discount stores in 1984.

Total industry volume is expected to reach $5.6 billion this year, and turns, initial markup and gross margins also are improving. Annual turns in 1984 are improving to 4.5 from 4.2 in 1983, with initial markup edging up to 26% from 25.4% and gross margins rising to 20.5% from 18.8%.

H&BA buyers at discount chains say they will key their year-round promotions in this traffic-oriented department on hot diet aids and rejuvenated vitamin lines, adding youth-oriented skin medications and cosmetics in special seasonal ads.

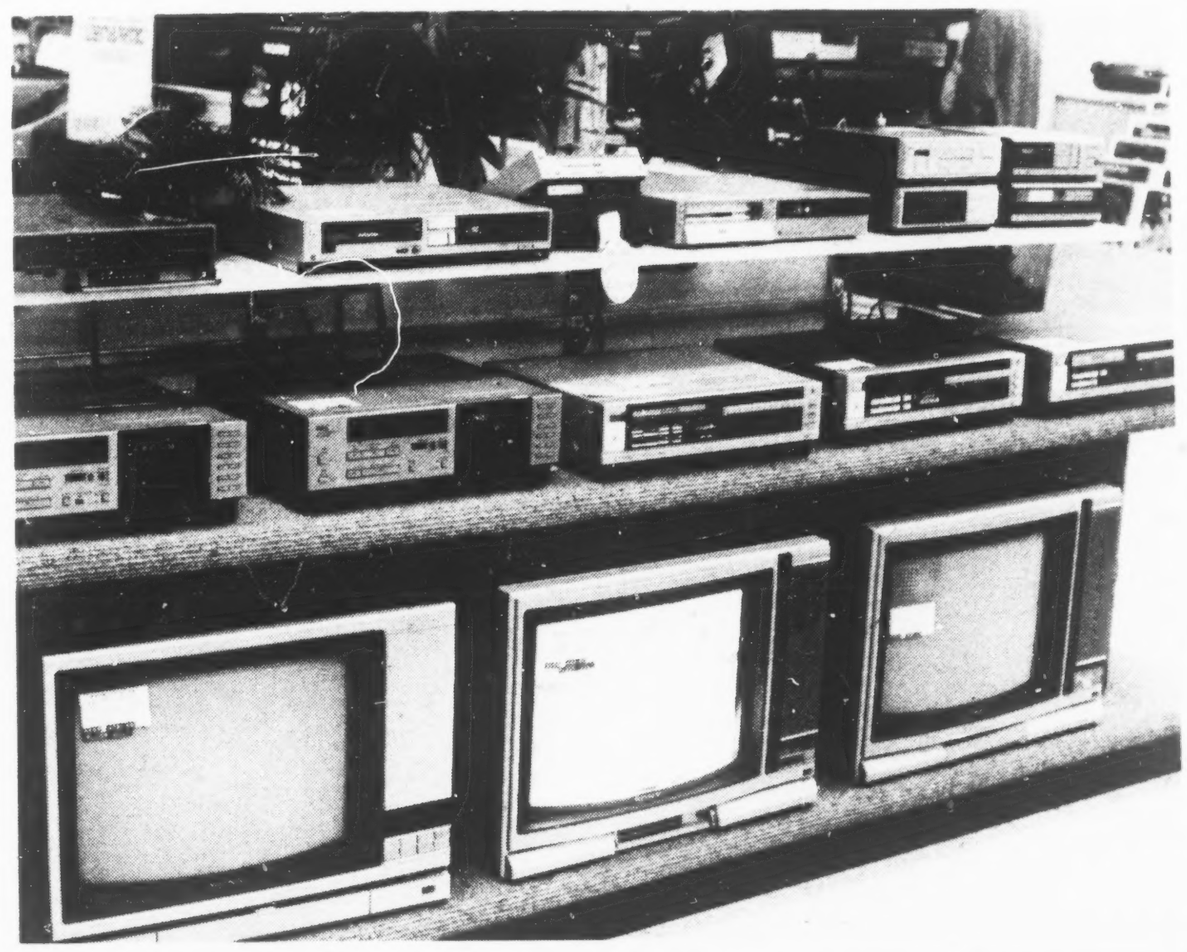
Product improvements and greater advertising support by manufacturers are increasing consumer interest in this staple department significantly, buyers said. With many consumers intensely health and appearance conscious, vitamins and diet products are expected to be strong draws. Sales of over-the-counter diet aids are predicted by some merchandisers to increase by as much as 25% after a strong 1983.

Increased manufacturer advertising has successfully stimulated consumer demand for vitamins and other nutrition supplements, discounters report. Fads in supplements and the extension to vitamins of timed-release capsules have captured consumers' imaginations—and merchandisers at several chains have expanded their efforts to be identified with this trend.

Cataloger Edison Jewelers and Distributors, following a two-showroom test, has doubled vitamin space to 16 ft. in all eight units and is confident that higher-priced natural vitamins will be a strong growth area. "They only cost about 10% more than synthetics, and health-conscious people are not swayed by the price difference," a spokesman said.

Consumer Electronics: $10.3 Billion

- **Full-line Discounters $5.9B**
- **Specialty Discounters $3.3B**
- **Catalogers $1.1B**



Full-line Discount Store Productivity

• Sales	$5.9B
• Sales per Store	$727,587
• Department Size	2,300 Sq. Ft.
• Annual Sales per Sq. Ft.	$316.34
• Turns	3.2
• Initial Markup	31.4%
• Gross Margin	19.4%

Some Discount Chains in Van of Trade-up Movement

Nationwide DSN Report

Discounters' hot pursuit of the consumer electronics category—including a push into higher-end, higher-priced merchandise—is helping to position some chains at the front end of the so-called trade-up movement.

CE remains one of the major growth areas in the industry, not only among full-line chains, but among catalog showrooms and specialty discounters as well.

Coming off very strong gains last year, discounters are expected to sell more than $10 billion worth of consumer electronics gear by the end of this year.

For full-line discounters that projection means almost $6 billion in volume, up 9.3% from a year ago. Full-liners are also registering significant improvement in the category's performance: Turns are rising, to 3.2 from 2.9 a year ago; initial markup is gaining more than five percentage points to 31.4% from 26% in 1983 and gross margins are improving to 19.4% from 15.7%.

Video is the latest merchandise segment to push its way into the CE spotlight, but other major areas—home computers, audio and telephones—are continuing to capture the discounters' interest and shelf space.

After only a trickle of involvement with VCR's during 1983, many chains have begun

(Continued on page 109)

Photographed at Caldor, Yonkers, N.Y.

CENSUS '84, '85

Video, TV Among Strongest CE Categories

(Continued from page 108)

or expanded their programs for the second half of 1984 and beyond. With speculation that VHS imports will soon enter the market priced below $300, the category is expected to continue its strong gains through most of next year.

Caldor was among the first major chains to bring in the video units, assorting four to five VCR's priced mostly between $450 and $650 during 1983. The chain has since shifted up in price points with better merchandise, priced between $500 and $800.

That may have been in response to the large number of chains adding VCR's to their assortments, including K mart, which is already doubling its selection from three or four units to six or eight units, depending on individual stores sizes and locations.

Not satisfied to stop there, the retail giant has been selling music video in some stores, led by Michael Jackson's "Thriller" documentary. But K mart's video buyer acknowledged that the long-term success of the program may depend on the relative strength of other music video hits, of which there have been few so far.

Other discounters, such as Roses and Gaylords, have also entered the VCR business typically with two units—positioned as the "good" and "better" models. According to some buyers, the "best" units—with their higher price points—have yet to prove themselves compatible with the chains' self-service formats.

Nonetheless, the full-line chains are following at least part of the trail blazed by catalog showrooms and specialty CE chains, which have found the video and television merchandise categories to be among their strongest.

The catalogers' CE offerings have typically provided up to 25% of total sales volume for the chains, which carry a broad selection of items including high ticket jewelry. For example, at Best Products, the Panasonic PV 1220 was the No. 1 seller in 1983, with a G.E. VCR coming in sixth.

Sales Estimated

Video and television have also led the specialty chains' sales, with the top five chains registering well over $400 million in volume for the segment. At Wards, which produced total sales of $357 million last year, the TV/video category contributed 47%—nearly $168 million. Similar results were recorded by Silo, Pacific Stereo and The Federated Group. Crazy Eddie, which recorded more than $111 million in sales during fiscal 1983, reported in its recent public offering that the TV/video segment produced its largest share of sales.

Discounters are still struggling to find a compatibility formula for their home computer business.

With memories of last year's fourth-quarter supply problems still in mind coupled with the continued rumblings of a shakeout, a number of chains have quietly backed off—but not out of—the merchandise segment.

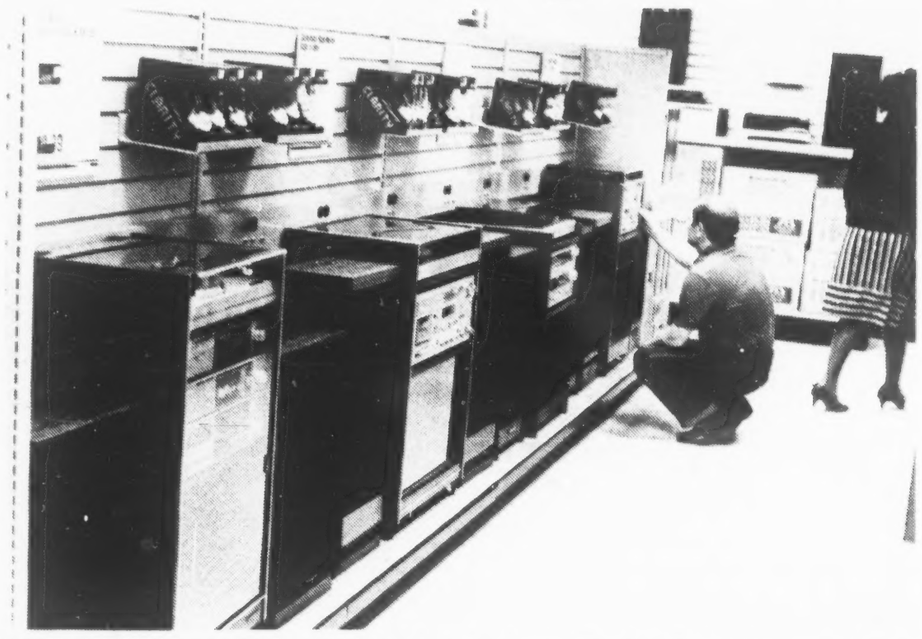
Their strategy is to watch and wait for consumer demand and supply levels to pick up—while tracking the potential for high-end entries in the home computer arena.

While many discounters predict the category's return to prominence with the arrival of 1985, some, like K mart, expect an improvement before the year is out with the deliveries of new models from Commodore and Atari.

Although K mart includes the C-64, Vic-20 and Atari 600XL and 800XL in its assortment, actual inventories were spotty at store level. The chain indicated it was using the pre-fall '84 period to clear out old models. Simultaneously, it's been fine-tuning its earlier strides in presentation and increasing its software assortment.

There have been a number of chains that have remained solidly bullish on computers—counted among them Murphy's Mart and Hills, which have made major space commitments to the category.

Murphy's Mart, for example, recently added the Coleco game system conversion package for the Adam computer to its assortment, which includes the C-64 and Atari 800XL. Additionally, the chain has widened its software assortment dramatically, with further special-order capabilities maintained through its rack-jobber, Handleman.



Rack audio systems, as seen in Venture, Springfield, Ill., continue at the center of attention in full-line discounters, audio selections. Many chains have widened assortments and upped price points.

Murphy's Mart will aggressively advertise its computer center offerings beginning in the early fall.

Telephones have been capturing more and more of the discounters' ad space as the merchandise proliferates and low-end models continue to be cleared. For the most part, buyers are finding the category "steady and mature" but somewhat complicated by the steadily increasing number of players. A growing number of imports have been competing for the telephone business and, combined with the dumping of some overproduced items, have been eroding prices.

Through it all, the discounters have continued their emphasis on traditional phones backed by some feature-packed and cordless models.

Capitalizing on the replacement nature of the new business, some chains, like Heck's, have launched point-of-purchase programs, sometimes with "bag-stuffers," extolling the advantages of "owning not renting." The Heck's program makes actual rate comparisons for local telephone service during the purchased phone's payback period.

Additionally, in an effort to step up its customers to its feature phone offerings, as well as to offer basic advice on the traditional lines, the chain has launched a no-cost, manufacturer-backed training program for its clerks and department managers.

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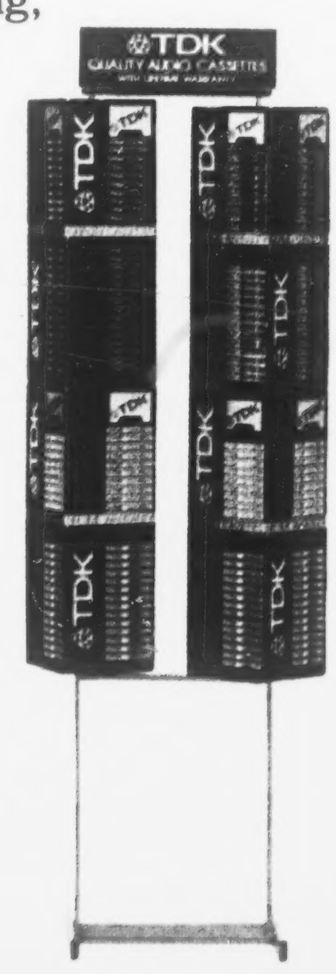

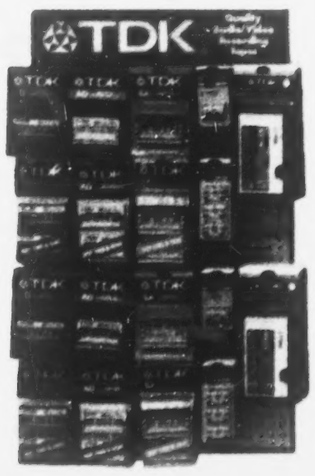

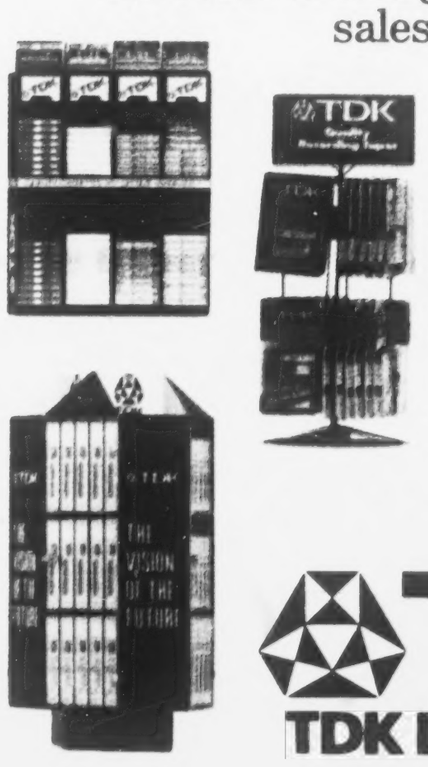

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Ladies' Apparel: $18.5 Billion

- **Full-line Discounters $14.3B**
- **Off-price Discounters $4.2B**
- **Catalogers ..... N.A.**

Full-line Discount Store Productivity

- **Sales $14.3B**
- **Sales per Store $1,763,473**
- **Department Size ..... 10,000 Sq. Ft.**
- **Annual Sales per Sq. Ft. $176.35**
- **Turns 4.6**
- **Initial Markup 48%**
- **Gross Margin 37.2%**

Several Full-liners Give Private Labels a Larger Role

Nationwide DSN Report

In ladies' wear, the largest volume category at discount chains, buyers have learned that labels are fine, but fashion sweetened by value will tow volumes higher.

Case in point: Gold Circle's Famous Brands for Less departments were tested last year as off-price sections featuring names like Jones of New York within the regular ladies' wear department. Those test departments have now been dropped.

This year, Gold Circle and its sister chain in the South, Richway, are offering New Views—a private label line of coordinated tops and bottoms in misses sizes. Designed with the help of parent Federated Dept. Stores' New York apparel staff, New Views is designed to offer the latest fashion looks and colors at a "value" price.

Similar private label development has landed Honors at Target, Barrier Reef at Prange Way, and a group of names at K mart, Hills and Bradlees.

House labels in apparel aren't new to the discount industry. But, several aspects of the latest efforts reflect recent refinements:

—Groupings based on what some call "concept dressing" are being seen more and more. They include coordinating separates targeted to reflect a certain stylelike casual or career.

—Chains are getting more involved in the actual product development, setting standards of quality and styling for the manufacturer.

—Introducing private label apparel lines at chains now includes a new presentation, hangtags, header cards and advertising.

In short, the chains are trying to tap consumers' fashion-consciousness and price-orientation quickly and in one fell swoop.

Getting the chain buyers more in touch with the shopper was one of the main reasons Venture closed its New York buying offices and moved ladies' wear merchandisers to its home base of St. Louis.

Discounters as well as off-pricers and catalogers are cashing in on a variety of segments within ladies' apparel. Juniors is one segment that has recently come into its own, thanks to the popularity of striped denim jeans in new shorter lengths, cropped pants, parachute pants and mesh/fleece novelty tops. In misses, career wear, plus sizes, petites and exercise gear are all part of today's apparel picture.

Even outside of private label, coordinated separates or tops and bottoms that can be mixed and matched have been sparking more multiple sales in chains' departments. In addition, chains including Ames are looking to further boost sales by bringing in next-season goods earlier this year to get more of the earlier premarkdown business.

Places Bets

As a result, the overall margins in discount chains' ladies' wear departments are climbing from last year's 36% to an estimated 37.2% for '84, discounters predict. Initial markup is likewise expected to go up—to 48% for the year compared to 45.1% a year ago.

Discount chains' ladies' wear volume is slated to total $14.3 billion this year, up from $13.3 billion for 1983. Sales per square foot are expected to hit $176.35 compared to $164 last year.

All these gains are projected while chains hold department size to the same average 10,000 sq. ft. Not a surprising trend, considering stated goals at chains from K mart to Murphy's Mart to pack more goods into the limited space.

Like their counterparts in full-line discounting, apparel off-pricers are making adjustments in the way they vie for a slice of the $4.2 billion in ladies' wear sales the industry is expected to ring up for the year.

Marshalls, for example, is borrowing a tactic from the No. 2 chain, T. J. Maxx, in separating juniors and misses apparel on the sales floor. Management said the move will help shoppers find their size more quickly.

For some chains, like U. S. Shoe's T. H. Mandy, the heightening competition for the ladies' wear off—price dollars hurt margins last year. This year, the company is trying a new ladies' wear retail concept, Hilliary Jaymes, which is stressing labels less and fashion/value more.

Off-pricers like Filene's Basement look to establish a higher profile in the competitive ladies' wear category. The chain's latest prototype in Danvers, Mass., puts trendy juniors looks closer to the entrance. *(DSN photo)*

Slimming margins and other pitfalls of ladies' wear off-pricing brought the Dayton Hudson Plums operation in California to a halt after six months.

This fall, when Federated launches its family apparel operation, Mainstreet, the focus will be on moderate prices rather than on the higher-end "elegant discounter" positioning taken by Plums. In fact, Mainstreet is not an off-pricer, but a budget store that will eventually sell 33% private label as well as brand names.

In any case, the chain's three-unit entry into Chicago this fall and a second multistore launching in another market next year promise to further segment the ladies' apparel market.

Catalog showrooms are now taking on ladies' wear and other apparel categories to keep women visiting their stores year-round instead of just at holiday gift-giving times.

Catalogers, such as Pittsburgh-based David Weis (shown), are turning to fashion apparel to attract female shoppers into the showrooms year-round, instead of primarily at gift-giving times. *(DSN photo)*

Men's & Boys' Wear: $10.3 Billion

- **Full-line Discounters $8.2B**
- **Off-price Discounters $2.1B**
- **Catalogers ..... N.A.**

Full-line Discount Store Productivity

- **Sales $8.2B**
- **Sales per Store $1,011,222**
- **Department Size ..... 7,690 Sq. Ft.**
- **Annual Sales per Sq. Ft. $131.50**
- **Turns 3.4**
- **Initial Markup 44.6%**
- **Gross Margin 36%**

Young Men's: An Expanding Classification

Nationwide DSN Report

This year the men's and boys' category expanded to embrace a growing classification: young men's.

Caldor went the distance by giving the young men's category its own buyer, budget and floor space allocation early this year.

At the majority of chains, the break-out of young men's included a change in space allocation and presentation along with an increased percentage of the men's wear buy.

Ames is one chain that started testing a separated young men's presentation on the selling floor this spring.

Most other chains, however, will use the fall back-to-school season to test the viability of the area with everything from full-fledged boutiques to a group of circular racks highlighting young men's looks. Richway, K mart, Target and Bradlees are among those with fall roll-out plans.

The styles that currently qualify as young men's run the gamut from Michael Jackson-inspired multizippered and leather-look jackets to nylon parachute pants, military looks in bottoms and tops, pieced novelty tops and chintz tops with zip-off sleeves.

As the new push to appeal to the fashion sensibilities of younger men combines with sales from some of those same looks spilling over into boys' wear and more coordinating themes in basic men's wear, discounters expect to see category sales hit $8.4 billion by the year's end. That projected 10.8% increase would keep men's and boys' wear at just over 10% of the full-line discounters' total volume.

Promising Area

Turns from the category for full-line discounters are expected to edge up. Last year's 3.2 annual turns should increase to 3.6 by the end of 1984.

Initial markup at these chains, however, is slipping from 45.1% last year to a projected 44.6%, according to *DSN* research. Gross margins are predicted to end the year a little higher—at 36% vs. 35.3% for 1983.

Meanwhile, the highly competitive off-price apparel industry, which includes chains like Marshalls, T. J. Maxx, Filene's Basement, Syms and NBO are expected to account for $2.1 billion in men's and boys' wear sales for the year. In the case of family apparel off-pricers that stock several classifications, the categories typically contribute close to a quarter of the volume.

Syms, which looks to men's wear for 70% of its volume, is into Chicago and Philadelphia this year to claim part of the men's apparel volume in those markets. Unit count at that chain is rising from 11 to 14 this year.

The off-price men's wear business promises to get even hotter in 1985 when the $50 million-plus NBO chain embarks on its three-year plan to open seven stores per annum. In addition, that chain's new Canadian shareholder—Dylex—is reportedly planning a multiunit entry of its Tip Top stores into the United States retail arena, specifically Chicago, next year.

Off-pricers' Rivalry Is Set to Heat Up In Children's Wear

Nationwide DSN Report

On the off-price front, the competition for the children's wear business promises to heat up this year.

Not only are family apparel stores like Marshalls, T. J. Maxx and Ross stores in the children's wear business, Federated's Children's Place and Children's Outlet stores and Toys "R" Us's Kids "R" Us are planning to expand.

By year's end the year-old Kids "R" Us chain will at least double the store count from four stores currently in New York and New Jersey to eight or 10. The company has also announced plans for 15 to 20 additional Kids "R" Us units in undisclosed markets in 1985.

The Children's Place/Children's Outlet stores are slated for a new prototype in August. According to parent Federated, the 114-unit operation spanning 19 states will expand to 500 units by the end of the decade.

As for the supply situation, children's wear buyers are juggling orders because of low supplies on imported knit sweaters and fleece-backed infants' wear.

But, licensed items and a higher percentage of goods made in America are keeping the chain's departments filled

Most chain buyers did two things in anticipation of tight supplies for back-to-school: They ordered import items a month or two earlier than normal and also ordered a lot more of their back-to-school selections from domestic sources.

"I'd rather have a domestic item on the floor at a $1 higher price point than not have anything out there," is how one merchandise manager explained the options.

Because quotas in the Orient restrict items such as knit tops, limited quotas forced importers to go with higher priced adult goods.

By February, import items like winter coats and fleece-backed infants' wear for fall were reportedly sold off.

Fall looks to be hot sellers for girls include corduroy and quilted jumpers, corduroy pants, novelty (striped) jeans and sweaters with novelty prints.

In girls', toddlers' and infants' wear, licensing is still seen as a strong part of the business.

Caldor, like most other discounters, is cashing in on the popularity of cute characters in licensed children's apparel. Sleepwear and play sets like these are the categories where licenses sell best.

(DSN photo)

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Discount Store news

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NOTICE OF RATE INCREASE

As of October 1984, effective for all November issues, rates for Discount Stores News will increase. All clients already under contract will be rate protected through January.
All rates per column inch.

1x	$78.00
2x	$70.00
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12x	$54.00
24x	$50.00

Tell Them You Saw It In Discount Store News!

CENSUS '84/'85

Licenses, Home Office Boom Help

(Continued from page 104)

spokesman.

Jamesway, too, is increasing its investment, but more modestly, by about 5% over last year; Gold Circle's budget for licenses will remain flat at about 15% to 20%.

Garfield, the Care Bears, the Cabbage Patch Kids and Michael Jackson are the characters most often mentioned by buyers, although new movie licenses like *Gremlins* and *Indiana Jones and the Temple of Doom* have recently begun to command attention.

In some chains like Jamesway and Zayre, theme books, portfolios, memo pads and other items are grouped together by license to create a theme.

Other discounters continue to rely on proven basics such as plain 40- and 70-count theme books that lend themselves to three-for-$1 promotions. A Kingsway buyer noted that his price-conscious consumers would rather pay 49¢ for a plain 70-count notebook than 99¢ for the licensed item.

For BTS and everyday, discounters view stickers as a natural tie-in to school supply sales, and in many cases, have moved stickers from toys into stationery.

For discounters, sticker sales mean a 55% gross margin and five turns annually.

Computer accessories, the youngest segment in discount store departments, has yet to attain that same high profile.

Current discounter strategies call for keeping inventories low and limiting advertising until buyers can measure computer accessories' strength in stationery—relative to its potency in the consumer electronics departments.

Gold Circle, for instance, has begun a chainwide test of three sku's: 2-packs of SCM 9½-x-11 540-count greenbar paper for home computers—one with 2-part carbonless paper—and the pack of 540-count 11 x 14⅞ paper for office computers are priced at $9, $12.99 and $14.99.

Danners has been carrying eight sku's of computer paper on 4 ft. of shelf space since last fall. Prices range from $8 for a pack of 15-20-count 9½ x 11 paper to $20 for a 50-lb. pack.

Cataloger Dahlkemper has gone beyond the experimental stage, increasing the number of sku's it stocks in computer paper, mailing labels, envelopes and letterhead from 10 to 14.

Service Merchandise, however, has already promoted in its catalog Rediform 9½ x 11 1,000-count plain bond printer paper for $14.95 and 9½ x 11 500-count 2-part carbonless paper for $19.95.

Heck's, following steps taken by several discounters and catalogers last year, recently began merchandising office supplies and furniture in the stationery area to capture the small business and home office market. The chain upped its space from 8 ft. to 20 ft., its office product offerings by 35%, and moved its two sku's of file cabinets and four sku's of safes from hard ware to stationery.

Writing instruments have sparked less excitement than other categories for the fall, although discounters like Heck's and Fishers Big Wheel are enthusiastic about novelty items.

Space-saving Products Gain

(Continued from page 78)

counters have been spared having to deal with another perennial headache—widespread rebates. Because manufacturers have substantially limited rebates for newer space-savers, paperwork nightmares and the problem of scheduling promotions to coincide with the rebates have been alleviated.

Hand-held vacuums, in chronically short supply last year, are far less frequently out-of-stock this year because discounters and catalogers alike are stocking and promoting multiple brands. While Dustbuster, because of Black & Decker's effective advertising, remains the leader, Consumers Distributing, for example, added two additional brands—Norelco and Douglas. A spokesman said the action was taken partly because of Dustbuster supply problems, but also because margins were particularly low. Still, at least one hand-held vac is promoted in every monthly Consumers Distributing flyer.

While the latest offerings from manufacturers include few truly innovative products, the current refinements of old standards are attractive to consumers. Freeing counter space in small kitchens itself is gratifying to most consumers and by combining functions, such as putting a clock in a coffeemaker, kitchens can be made even less cluttered.

While the pros and cons of space-savers may be merchandisers' hottest topic, buyers are also pleased by the performance of many other more staple lines. Basic coffeemakers, food processors, blenders, lower-priced microwaves and others are pushing department sales steadily higher.

Development Anticipated

At ALCO, for example, irons, which are hardly a trendy or fashion appliance, recorded a 55% sales increase in 1983, prompting the chain to introduce higher-priced electronics this year to continue the gain. A spokesman attributed the rising popularity of natural fibers in apparel, which need more ironing, as a major factor influencing this growth.

Microwaves, especially now that prices have been substantially reduced from initial levels, have emerged as a department staple—one that has made possible much cross-merchandising of nonelectric accessories as well. Early safety concerns about microwaves have been almost totally forgotten by consumers because of the enormous convenience of the appliance, a Fishers Big Wheel spokesman observed.

The Imperial Way to turn browsers into buyers.

If your customers are looking for great American-made cutlery at an affordable price, they need look no further than the All-Americans™ by Imperial.

These handsome knives are made The Imperial Way, here in the U.S.A., with heavy duty, high carbon, stain resistant steel that's hand-honed to stay sharper longer. And their natural walnut handles have proven sales appeal.

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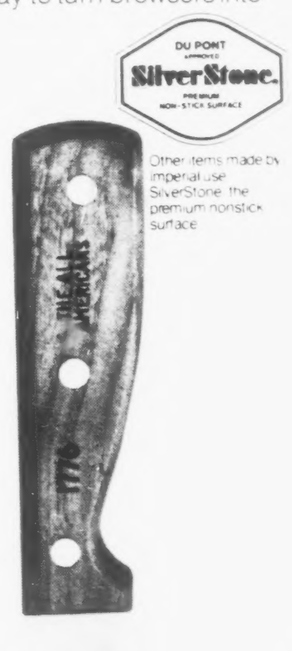

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notices of TRADE PROMOTIONS & ALLOWANCES

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Discount Store News®
THE NEWSPAPER OF DISCOUNT RETAILING

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"We try to be middle-of-the road, not trendy."
—Gene Kosack, president, NBO.

Electronic Home Shopping Widened by 'Mall' Concept

By ARTHUR MARKOWITZ

STAMFORD, Conn. — The mall concept has come to the fastest-growing portion of electronic retailing—home shopping via computer.

Comp-U-Card, a pioneering electronic home shopping service, has expanded its operation from its original discount "store"—a data base with information on 60,000 sku's of brand name merchandise—to an "electronic mall" that provides goods and services from different discount and full-margin retailers.

Consumers who used Comp-U-Card's services last year purchased about $30 million worth of merchandise and the figure is projected to go to about $70 million this year, sparked by the development of the electronic mall, one source said.

Computer shopping is a generic term used to describe non-retail-store shopping through the use of such devices as home computers, TV and telephone hookups and video disks.

The mall concept of offering goods and services from a variety of retailers is already available from two other types of electronic retailing: interactive video disks and videotex provided through a TV and telephone hookup.

Comp-U-Card this month is due to add a discount drug store, a discount travel service and an automobile showrooms to its Comp-U-Mall electronic mall begun earlier this year, which already offers merchandise from such sources as the seasonal catalogs of I. Magnin and Neiman-Marcus, Saks Fifth Avenue gift boutique, *The New York Times* Best Sellers book store, Tropicana Fruit Club, Hickory Farms gourmet foods, E. A. Carey Smoke Shop, Omaha Steaks and Legal Seafoods of Boston.

Comp-U-Mall is available

(Continued on page 34)

Home computers have enabled Comp-U-Card to expand its electronic retailing from a telephone service to an "electronic mall" in which consumers can order goods from a number of retailers.

Sales Big, Also Costs As NBO Tries NYC

By KAREN PAXTON

NEW YORK — NBO's bite of the Big Apple has been bittersweet; so far volume is high, but so are operating costs.

Last spring the men's wear off-pricer unveiled a two-story, upscaled prototype store with 12,000 sq. ft. of selling space just a block away from the Lincoln Center performing arts complex. The location is a giant step away from the typical sites of NBO's other 13 stores—all located in suburbia.

Sweetening the stakes at the new urban store is the chain's ability to offer higher price points than those that sell well in suburbia. In addition, the Manhattan store pulls pedestrian traffic from tourist crowds on the weekends, city dwellers en route home in the evenings and a smaller executive lunchtime crowd.

In fact, in-store traffic jams on weekends have made the chain move its checkout counter from along the main aisle, just inside the entrance, to the right front corner, further inside the store.

Sales at the four-month-old

(Continued on page 33)

Lacy Switched to New Post

Best Products Completes Revamping Of Top Brass By Hiring CD's Rubinoff

RICHMOND — Best Products has completed revamping the leadership of its merchandising operation by hiring Robert A. Rubinoff as senior vice president-merchandising and moving Linwood A. (Chip) Lacy, who had held that post, to senior vp-marketing, a new position.

Rubinoff had been senior vp-merchandising at Consumers Distributing (United States) for the past year-and-a-half. At [illegible]t, he again teams up with Bernard Cohen, his former boss at CD. Cohen had been president of the United States arm of Consumers Distributing (Canada) before joining the Richmond cat[illegible]ger two months ago in the newly created post of executive vp and president of the Best retail group.

Rubinoff and Lacy each report directly to Cohen. The exact interfacing between the merchandising and marketing responsibilities—which previously were combined under Lacy—was being worked out at presstime, a company spokesman said.

The only major executive spot still open at Best is chief financial officer, which had been held by Joel D. Koblentz, who resigned that post in mid-May but continued to be "available to

(Continued on page 33)

Digest
Aug. 6, 1984

HARDWARE

• **An increase in consumer** DIY fix-up activity boosts chains' confidence. (p. 22)

HEALTH & BEAUTY AIDS

• **Products tied to the baby** boomlet look strong, but buyers have to compensate for low J&J margins. (p. 20)

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Executive Changes	23

Dramatic Remodeling Begins At Fred Meyer's Grand Central

SALT LAKE CITY — Fred Meyer is rushing to begin remodels of its newly acquired Grand Central chain in an effort to bring the stores into conformity with its prototype.

The changes will be dramatic. Among the areas to be added are home improvement centers, fine jewelry and sit-down, full-service shoe departments. But for now, at least, there are no plans to include supermarkets in the Grand Central stores—a recognition of their generally smaller size than the Fred Meyer units as well as current lease restrictions.

Work on one store here began last month, within days of the takeover's final approval, with a reopening slated for the middle of this month, according to a Fred Meyer spokesman

The acquisition doubled Fred Meyer's trade territory from four to eight states, and gave it 101 stores, a nearly 50% increase. The combined general merchandise sales of the two chains last year was estimated at $1.1 billion, making the privately held company the ninth largest discount department store chain in the nation.

Its reach now extends from Alaska to New Mexico.

In the meantime, all of Grand Central's buying and merchandising functions have been transferred to Fred Meyer's Portland, Ore., headquarters. Grand Central's main offices here will become the eastern regional offices for the parent company, according to the spokesman.

(Continued on page 34)

IN BRIEF

• **K MART WILL ACQUIRE WALDENBOOKS FROM CAR-**ter Hawley Hale for $295 million, and will pay $5 million to General Cinema.

• U.S. Shoe's Home Front off-price home fashions division has entered into an agreement to operate leased linens, domestics and housewares departments in all new Burlington Coat Factory off-price apparel stores. As a result, the Burlington Coat chain will pick up the housewares category for the first time. Alan Gladstone, chairman of Home Front, expects the plan to involve 17 yet-unopened Burlington Coat stores this year and up to 25 more in 1985.

• **K MART HAS STEPPED UP EXPANSION OF ITS FINAN-**cial services program by teaming with First Nationwide Savings in San Diego to offer money market accounts, IRAs and savings certificates.

Isaacs' Remerchandising Efforts Start to Take Hold at Heck's

NITRO, W. Va. — Projects set in motion by Heck's chairman Russell Isaacs, now reaching store level on schedule, are expected to produce 10% sales gains and "better than 10%" net earnings gains in fiscal 1984 and 1985.

Isaacs' emphasis on improved operating efficiencies rather than expansion—since returning to the chain in early 1983 after a four-year absence—has begun to show results: Year-to-date, sales are up 8% despite the chain's slashing its annual advertising budget by $4 million, or 25%, and many of its stores "being torn up" during its massive resetting and replanogramming program, Isaacs said.

Moreover, its predominantly Appalachian markets, which suffer 13% unemployment compared with the 7% national rate, are providing little opportunity for sales growth.

Heck's is banking on revamped layouts and new planograms for 115 of its 122 stores; its new direct importing program; greater soft goods emphasis; lower chainwide inventory investments; establishment of private label in several merchandise categories, and improved distribution center productivity to move toward its goals, Isaacs told *DSN* in an interview.

"There's no reason we can't achieve a 20% decrease in inventory dollar investment chainwide."—Russell Isaacs, chmn. ceo, Heck's

So far, 60 stores have been completely reset to include a race track aisle and speed tables; the rest are scheduled for Oct. 1 completion.

Split gondola runs are quadrupling the number of endcaps and speed tables from 35 to 140 per store, said Isaacs, who is targeting 50 different products for them—led by consumables, trial-size H&BA and tennis balls. "We're eliminating most manager discretion on what to endcap," he said.

Resets, designed internally and averaging $40,000 apiece, further increase product exposure by ascending fixtures toward the rear part of the stores and keeping a low profile up front.

Heck's expects these steps to help boost sales per square foot from $93 last year to $100-$105 this year and $115-$120 in 1985, and sales per store from $3.3 million last year to $3.6 million in 1984 and $4 million in 1985.

Additionally, Heck's ability to move more goods through its distribution centers enables the chain to eliminate retail unit backroom space and add roughly 2,500 sq. ft. of selling space per store. Most Heck's units are in the 40,000- to 50,000-sq.-ft. (gross) range.

The discounter's new planograms, which are 80% completed at headquarters and slated to

(Continued on page 33)

Consumer Reasons for Buying

(% of shoppers rating as very important)

Factor	National Brands	Store Brands
Quality	91%	80%
Price	73	74
Coupons	50	47
Liked other store brands tried	—	41
Always buy this brand	37	—
Packaging	30	26
Advertising	21	—

Source: PLMA/Gallup

Ways to Encourage Store-Brand Purchases

Factor	% of Shoppers indicating Strong interest	Moderate interest
Ingredient-equivalency signage between national brand and private label	54	30
Store's guarantee of satisfaction on package	53	29
Availability of trial sizes	49	28
Compare-and-save signage	48	33
Coupons or special promotions	45	31
Advice from neighbors or friends	36	36

Source: PLMA/Gallup

Shoppers' Loyalty Strongly Impacted By PL: Survey

Nationwide DSN Report

Discounters developing private label programs might weigh their own expectations against surprising findings of a recent nationwide Gallup Poll of supermarket shoppers.

In the study of 10 key health & beauty aids and consumables products—most of which are also sold by discounters—1,104 respondents pointedly showed how store brands can influence their loyalty to stores.

The study centered on shampoo, vitamins, tampons, paper towels, plastic bags, pet food, dishwashing detergent, frozen vegetables, jelly and spaghetti. It made no firm conclusions about private label in other merchandise categories, such as apparel, where discounter efforts are escalating.

Still, the survey, which was commissioned by the Private Label Manufacturers Association, speaks broadly to consumers' willingness to buy store brands over national brands when they trust the retailer.

Consumers may be more accepting of private label—with 42% buying more this year than last, and 30% the same as in 1983—but they're no less demanding in quality, survey findings showed.

Indeed, retailers who merchandise private label may find the risks as imposing as the reward. Store brands whose quality levels disappoint trusting customers may be driving a good portion of them out of their stores, the survey revealed.

Among customers displeased with a store brand purchase, "one-third will consider a different retailer next time to try its store-brand offerings," the survey said.

A more forgiving 37% would "skip the bad item next time, but stick with other store brands of this retailer," it added. Just 18% would switch to the comparable national brand.

"For the retailer, then, a commitment to quality in store brands apparently can ensure the loyalty of that segment which is the most committed to the retailer," the survey said.

Indeed, when selecting a primary store for shopping, consumers polled felt that variety and quality of private label selection were more important than those of national brand offerings.

Some 73% said store-brand quality was "very important" in choosing where they shop, compared with national brands' 67% level of mention; 60% cited store-brand variety over national brands' 49%.

Private label's high ratings are attributable in part to consumer beliefs that national brand manufacturers produce them. Nearly two-thirds, or 65%, of consumers said this. Moreover, retailer tactics to mimic national brand packaging

(Continued on page 33)

Off-pricer Ross, on an Expansion Kick, To Convert 15 Homer's Home Centers

SAN FRANCISCO — Off-pricer Ross Stores purchased 15 former Homer's home centers in Texas and Oklahoma City as part of its 1984 expansion plan to more than double unit count.

After those ex-home centers reopen as Ross Stores late in the fall, the chain will have entered a total of four new states and added 37 units to the 26 it had at the start of this year.

Operating 63 units by the holiday season insures the chain will hit its projected $200 million in volume for the year, said president Don Rowlett. Last year the chain chalked up about $77 million in sales.

All 15 of the former home center sites bought by Ross from the San Diego-based Handyman division of Edison Brothers Stores are located in strip centers with grocery stores and drug stores.

Sizes of the stores range from 40,000 to 50,000 sq. ft., said Rowlett. The Ross store format of apparel for ladies, men and children and accessories, shoes and domestics takes up only 38,000 to 40,000 sq. ft. (including backroom), he added. Therefore, the chain will be leasing out as much as 10,000 sq. ft. from the larger of its newly purchased locations.

At presstime Rowlett said no one had been approached as a potential lessee. He was certain, however, that any lessees will operate as separate stores rather than as departments within the Ross Stores.

The purchase for an undisclosed amount will place Ross in Dallas, Austin, Houston, Longview and Lubbock, Tex., as well as in Oklahoma City before the close of the year.

The first part of Ross Stores' 1984 push into new markets will come on Aug. 15, when the chain will land in Seattle and Phoenix with four stores in each market, Rowlett said. On the same day the chain is also slated to unveil two new stores in its

(Continued on page 34)

Ross Stores is slated to have a total of 63 off-price apparel stores in seven states by the end of the year. Of those, 15 are recently purchased ex-Homer's home centers in Texas and Oklahoma.

1st Attempt Is Abandoned

Crazy Eddie, Trying Again to Go Public, Is Said to Plan Lower-Priced Offering

NEW YORK — Crazy Eddie plans to discount its stock offering in a second attempt to go public, slated later this month.

The 13-unit consumer electronics chain based here is expected to significantly lower its asking price, as well as the number of shares being offered. The initial two million share offering was expected to sell at between $11.50 and $13.50 a share. No new figures were available at presstime.

The chain's first preliminary prospectus was allowed to expire in mid-July because of "poor market conditions."

"There was a feeling it was somewhat overpriced for the current market," said a spokesman for Oppenheimer & Co., the principal underwriter.

When the new red herring is issued, it will include the chain's audited results for the full fiscal year ended May 31, 1984. The first prospectus showed sales for the first eight months of $95.3 million, with net earnings of $3.1 million.

Those figures indicated a 26% increase in sales and a 222.5% jump in net profits over the same period a year earlier.

Although the chain's 36-year-old chairman Eddie Antar was reportedly well received during Oppenheimer's "road show"—a series of meetings around the country with members of the investment community—the company's offering met with raised eyebrows among some because of a series of family-related transactions.

The first prospectus disclosed that Antar businesses owed Crazy Eddie $5.1 million, creating a $2.4 million deficiency in working capital. The Antars were to personally repay those loans, mostly with the proceeds of their 700,000-share portion of the stock sale.

The impact of the smaller, lower-priced stock offering on those plans couldn't immediately be determined.

A number of companies, including some retailers, recently experienced trouble going public because of the soured stock market. Among those are three closeout retailers: Consolidated Stores, Wags and Tuesday Morning.

The proceeds from the Crazy Eddie offering were partially slated to be used in its expansion.

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Vol. 23, No. 16 August 6, 1984

Troubled ClubMart Goes Open-Door, Names Pesso coo

NEW YORK — ClubMart of America, founded by Eugene Ferkauf, has made major changes in its operation, including dropping its membership format, selectively raising its merchandise margins which were 7.5%, and obtaining a de facto new chief operating officer, Jack Pesso.

Knowledge of the pending changes motivated Ferkauf to leave the company two months ago (see *DSN*, May 28, p. 1). In doing so, he and his wife, Estelle, sold a total of 650,000 company shares for 30¢ a share or

Eugene Ferkauf
His baby's format changes.

$195,000. Estelle Ferkauf retained 100,000 shares.

When ClubMart went public a year ago with a 1.3 million-share offering, it traded as high as 12⅛, but at presstime was about 1 in the over-the-counter market.

Ferkauf had been chief operating officer and vice president, a post that paid $100,000 a year, the same received by Dale L. Vincent as president and chief executive officer.

Pesso is a New York area retailing entrepreneur, who owns about 20 stores and at presstime was described as a merchandising consultant.

Vincent said Pesso's relationship with ClubMart "hasn't yet been formalized." But, he is "acting" as the head merchandising and operating officer because other company executives—Vincent and the board—"are financial people."

Pesso is "likely to become a shareholder in the company," Vincent added.

ClubMart—which Ferkauf said was a throwback to his original Korvettes concept (see *DSN*, Jan. 9, p. 3)—was phasing out the money-losing men's furnishings and luggage departments at presstime. The purpose was to free footage in the three-level store's 13,000 sq. ft. of selling space to expand the potentially more profitable areas like giftware and consumer electronics.

Vincent said ClubMart had sharply cut its year's sales projection from over $18 million to $6.5 million to $7 million.

The change in operation, which was a key factor in Ferkauf leaving, was designed to save ClubMart, which had lost $1.3 million on about $3 million in sales during its first six months ended April 1984.

Besides opening its doors to the public, ClubMart has also dropped about 35 employees to reduce its staff to about 55, thereby trimming expenses by $750,000 on an annualized basis, Vincent said. Among those let go were three of four former Korvettes buyers: Murray Beilinson, small appliances, luggage and gifts; David Rothfeld, home entertainment, and Joe Silver, photo.

The format changes reflected input from Pesso, who owns jewelry, handbag, food and gift and china stores in the Metro New York Area, including three jewelry units in the Roosevelt Field shopping center.

While ClubMart so far had run its own departments, Pesso has arranged some merchandising deals between the company and Hempstead China, which he owns. He may become a leased department operator

(Continued on page 33)

10%-40% Off List at Discount Book Chains

Book Chains	Sales 1983 (millions)	No. of Units 1/84	No. of Units 1/85	Average Store Size (sq. ft.)	Discount Off Publisher's List Price Hardcover Best-seller	Hardcover New Release	Paperback Best-seller	Paperback New Release
Full-Margin								
B. Dalton Bookseller, Minn.	$445	701	751	3,500	—	—	—	—
Waldenbooks, Conn.	407	856	900	2,600	—	—	—	—
Discount								
Barnes & Noble, N.Y.	125*[A]	75	85	1,500	33%	15%	25%	10%
Crown Books, Md.	91	158	233	3,000	35	20	25	10
Pickwick Discount Books, Minn.	N.A.	5	24	2,500	40 30[B]	20	30	10
Encore Books, Pa.	13.5*	19	23	3,000	35	20	25	10
Bookmania, Calif.	12*	5	N.A.	2,000	35	10	10	10
Bookstop, Tex.	10*	3	6	8,500	35	20	20	20

[A]Includes sales from 40 campus locations, supermarket books and mail-order divisions.
[B]Pickwick discounts top three The New York Times best-sellers 40%; others are reduced 30%
**DSN estimate* *N.A.—Not available*
Source: DSN research

Discount Book Chains Changing The Shape of an $8B Industry

By LARRY CARLAT

Discount book chains are shaking up the staid $8 billion industry.

Although the field continues to be dominated by full-markup giants B. Dalton Bookseller and Waldenbooks, together accounting for ver 10% of the market, upstarts like Crown Books are starting to cut into their business.

At presstime, Carter Hawley Hale Stores sold Waldenbooks to K mart for $295 million—$10 million more than the option to buy held by General Cinema.

Crown, 158 stores strong, jointly owned by drug retail powers Thrifty Corp. and Dart Drug, is changing the shape of book retailing using a discounter's traditional weapons: deep discounts (10% to 50% off publishers' list prices); low margins, and heavy volume.

Currently in seven major metro markets, Crown is the first national discount book chain to emerge.

Barnes & Noble, already an East Coast powerhouse with 35 retail units, is making a national impact with programs including a giant mail-order program, (it distributes over 10 million catalogs), 40 campus stores (at East Coast, Midwest and Southeast colleges) and a subsidiary division, Supermarket Books, a wholesaler to over 80 supermarkets, drug stores and other outlets (including discounter Bradlees where B&N lends its name and provides fixturing).

Pickwick Books, the entry of retail innovator Dayton Hudson, parent of B. Dalton, is another chain aiming for nationwide growth.

Plans call for Pickwick, currently operating four stores in Columbus, Ohio, and one in Denver, Colo., to expand to 24 units by the end of the year, although new market entries haven't been disclosed.

40% Off Top Three

Pickwick features 7,500 titles and boasts the biggest discount in the industry, taking 40% off the top three *The New York Times* best-sellers. But that deep cut is confined to those three titles; it only reduces other best-sellers by 30%.

Other small, more regionalized chains like Encore Books in Philadelphia, Bookstop in Austin, Tex., and Bookmania in northern California are bidding for the business with similar "cutthroat" pricing, 35% off *The New York Times* best-sellers and marketing strategies aimed at distinguishing themselves from Crown and each other.

For now, the regional chains operate with little or no competition in their territories. However, common industry problems like slow deliveries, rising costs of returns, tight margins and the volatile nature of the business are keeping profits slim.

Currently, Crown Books sets the pace for the discount book industry, with sales which grew from $6 million in 1978 to $91 million in 1983. Last year's pretax earnings more than doubled to $4.9 million from $2.3 million in 1982.

In 1983, Crown raised over $60 million in its first public offering and will use the funds to double the chain's size by 1986. The chain soon to be entering Seattle, is considering further moves into Texas and Washington, with Pennsylvania and New York as possible new market entries.

Many aspects of Crown's successful blueprint have become standard traits of most of the newer discount book operations, including:

- Discount pricing which drives the business: Crown takes 35% off *The New York Times* hardcover best-sellers, 25% off best-selling paperbacks, 20% off new-release hardcovers and 10% off all other paperbacks.
- Cherry-picked, limited selection—up to 10,000 of the most popular titles.
- No-frills customer service.

(Continued on page 4)

Richway 'Masters' Its Automated DC

ATLANTA — Richway has finally "mastered" its automated distribution center first unveiled here two years ago, said Joseph Sheram, senior vp of finance and distribution.

Next year the center will serve 16% more stores as the chain adds five units in Florida—its operating state furthest away from home base in Atlanta.

That upcoming increase shouldn't be a problem for the center, which Sheram said can handle at least 30% (or 10) more stores without expansion. This year the DC will process about 8,000 shipments, compared to 3,800 last year.

Sheram's staff has only to convince buyers to take advantage of the increased speed with which the center is now processing merchandise. Those buyers are skeptical after having struggled through two years of getting the center fine-tuned.

"This kind of facility is not normal to retailing but is normal in manufacturing. In the materials handling world it can take a year and a half or so to get new systems rolling," Sheram said.

A fully automated materials handling network—composed of a tilt-tray sortation system, carton conveyors, an 80-ft.-high automatic storage/retrieval system (AS/RS) and a guided vehicle system—moves 90% of the merchandise through the 225,000-sq.-ft. center without the use of forklifts or manual labor. Ten per cent of the merchandise is nonconveyable. Personnel only handle cartons and pallets between conveyors and trucks.

Most goods are currently processed from incoming trucks to store-bound trailers in less than 15 hours.

Sheram cites two reasons for the two-year period it took to get the center running smoothly: The four automated systems had never been used together before and at first did not interface. Secondly personnel had to be retrained.

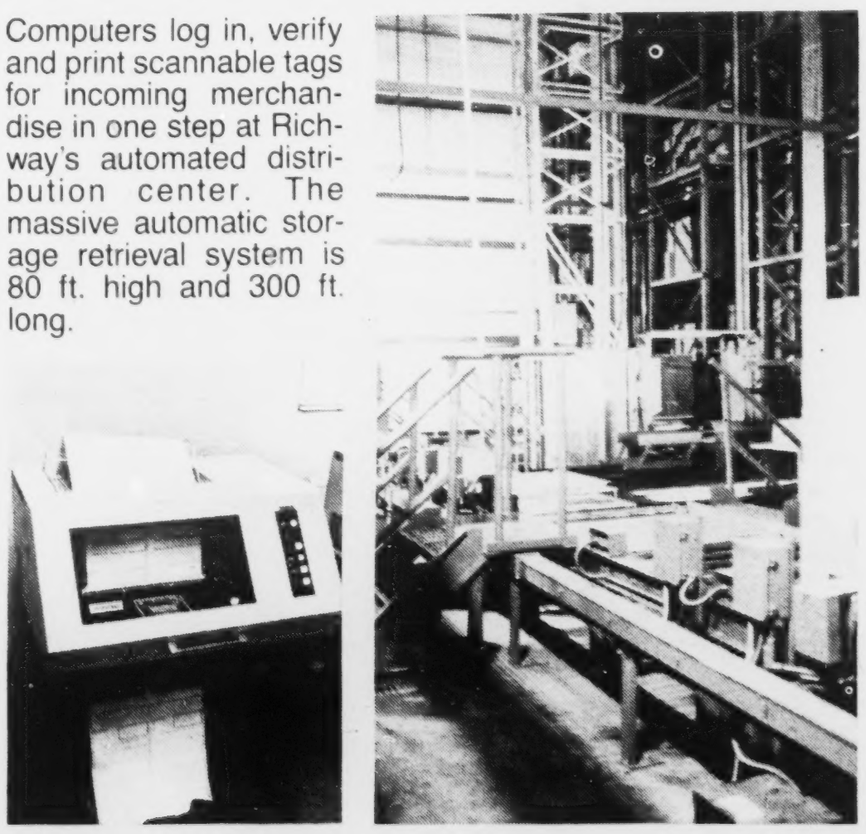
"We went from a totally manual setup of handling merchandise to a totally mechanical one. And, we took the same people who had been used to operating forklifts and taught them to operate these automated systems," Sheram explained.

No longer do snags in any of the four automated systems freeze the entire handling process for hours, as in the center's earlier days. Today, problems occur less often and are repaired by an on-staff maintenance crew in a matter of minutes.

This year production (cartons per man-hour) is up 80% over last year, said Sheram. Merchandise arrives in Richway stores no longer than six days after leaving the vendor's loading docks. Withdrawals from the warehouse portion are delivered to the store a maximum

(Continued on page 33)

Computers log in, verify and print scannable tags for incoming merchandise in one step at Richway's automated distribution center. The massive automatic storage retrieval system is 80 ft. high and 300 ft. long.



Fishing Gear Buyers Unreel Shopping List

Nationwide DSN Report

With fishing tackle sales increases of 15% to 20% anticipated by discounters this year, buyers headed to the American Fishing Tackle Manufacturers Association (AFTMA) show in Atlanta with long shopping lists.

Among the things they were looking to do: add more name brands in rods and reels; beef up their terminal tackle selection; move into sophisticated accessories like depth finders, and add boating accessories including personal flotation devices (PFD).

Although the show predominantly featured fishing gear, several major camping manufacturers planned to attend, and buyers said they would look to get an early jump on next year's programs.

But, the focus was squarely on fishing, with a strong interest in better-priced combo sets.

(Continued on page 11)

American Fishing Tackle Manufacturers Association

Hardback Best-sellers Get More Tests But Aren't For Everyone

Nationwide DSN Report

Hardcover best-seller book programs are being tested at several discounters, but the category isn't for everyone.

K mart, Target, Venture, Bradlees, Murphy's Mart and Prange Way are among those that have instituted or are in the process of implementing *The New York Times* best-seller programs, discounting titles in some cases up to 35% off the publisher's suggested list price.

Other chains, including Gold Circle, Roses and ALCO, opted to stay away from the hardcovers after tests pointed out several serious pitfalls: substantial inventory investment, tight margins and just a plain lack of strong customer interest.

Also, with the burgeoning of discount book chains, notably Crown Books and smaller regional operations, it has become increasingly difficult to compete with everyday offers of up to 40% off publishers' list prices, according to several buyers.

K mart, for one, is unperturbed by the influx of discount book chains and other various downsides. Sales of hardcover best-sellers have far exceeded the chain's initial sales projections, according to J. W. Goetz, senior buyer.

Controlled Expansion

K mart's hardcover book section features 25 to 28 titles, primarily *The New York Times* best-sellers in fiction and nonfiction, and other selected new releases. Currently in over 400 stores, plans call for a "controlled expansion" of the department to approximately 600 units by year's end.

"We do a complete analysis before we drop it into a remodeled unit. We've found the section has done much better in locations with higher-than-average customer income," said Goetz.

Goetz also noted the department is most successful in K mart's larger units where it is given up to 1,000 sq. ft., as in its Rochester, Mich., prototype. The best-sellers are displayed on one, two or four tables, depending on department size, with titles face out, displaying the full cover and stackouts below. The best-sellers are discounted at least 25%, and sometimes more.

"We meet the competition in all of our trading areas. If it's Crown, we'll discount 35%; if it's someone else, we'll price accordingly," noted Goetz. K mart goes head-to-head with Crown, the nation's largest book discounter, in Los Angeles, Chicago, San Francisco, Houston and in the next few months in Seattle, which Crown has targeted as its newest market entry.

Different Prices

"*Wired*" by Bob Woodward, currently the No. 1 best-seller in nonfiction, sells for $13.45 in K mart's Rochester store. In Los Angeles, however, where Crown has established its market presence, the book retails at $11.67, equal to the Crown discount.

The cutthroat pricing of the book discounters is among the reasons Gold Circle chose to back off from the hardcover category over two years ago when Dayton Hudson's Pickwick Discount Books began testing its concept in Columbus, Ohio. Pickwick discounts best-sellers up to 40%.

Gold Circle tried *The New York Times* program, discounting best-sellers at 10%, and buyer Harry Sutmiller said the comparatively small discount substantiated the chain's lack of enthusiasm for the category.

"We're really not positioned as a book headquarters. Books have been more of a convenience item for our shoppers than a major money making category for us. Even purchasing paperbacks would have to be a totally impulsive buy because we offer no discount off list price," he said.

The chain currently runs full-line paperback book departments, of up to 600 sq. ft., in approximately 25% of its stores.

ALCO has also tested the hardcover route, dedicating 8-12 running feet for "odds and ends" including many specialty items like cookbooks and how-to guides at savings of up to 20%.

"It hasn't been worth it. Hardcover sales have been lukewarm at best and we get a better return on investment with our remainder programs. We're also able to offer discounts of up to 70% with remainders," said David Hayes, buyer for the chain.

Waldenbooks and B. Dalton Experiment With Discounts

Nationwide DSN Report

Full-price book giants Waldenbooks and B. Dalton Bookseller are experimenting with discounter strategies while several smaller chains continue to use bargain programs to fend off the growing ranks of discount booksellers.

In the past year, Waldenbooks, the nation's largest book retailer with 856 units in all 50 states, tested 35%-off discounts on its *The New York Times* best seller program in Los Angeles, Dallas, Denver, Seattle and Portland, Me. This was in direct response to B. Dalton, which ran a similar program in these markets late last year.

A spokesman for Waldenbooks admitted the test was also a reaction to discounter Crown Books, which, in many of the same markets, severely cuts into hardcover sales.

Waldenbooks is now evaluating the results of this test which, like Dalton's, ran during the Christmas selling season.

The book giants are also beginning to refocus their real estate strategies from a strict emphasis on mall locations to a broader scope including freestanding units, strip centers and office complex locations.

Waldenbooks is now testing two other discount strategies: "Walden Recommends," which began this May, discounting by 20% to 30% one selected title each week, and theme sales, with changes every two weeks.

The theme program was initiated with "Bargain Books," featuring selected current titles reduced 20%. Future themes include "Back to School," "Stephen King," "Computer Books" and "Christmas Books," all receiving the same 20% discount.

Dayton Hudson, B. Dalton Bookseller's parent, is using another vehicle—Pickwick Books—to capture its share of the off-price book business, keeping Dalton close to its basic merchandising strategy: being in stock with the deepest selection in the market. Occasionally, Dalton discounts selected hardcover best sellers and paperbacks 25%. For example, in its summer circular the chain discounted a selection of most popular paperbacks at savings of 25%-30% off publisher's list price.

At 11-unit Bookland in south Maine and New Hampshire, best sellers have been discounted for the past three years.

In 1979, Bookland began featuring one title per week at 40% off publisher's list price but got little response. Two years later, the chain instituted its "plus one" program, which offers 25% off all *The New York Times* best sellers with one selected additional title at the same discount.

In the past few weeks, "Buddenbrooks" by Thomas Mann, "Lincoln" by Gore Vidal (before it hit the best-seller list) and a mystery by a local writer were all featured as "plus one" selections.

The south Maine retail scene includes Waldenbooks, B. Dalton, Booksmith's and several independent bookstores, which all, at one time or another, offered discounts of up to 35% on *The New York Times* best sellers. Bookland is the only chain to keep the program intact.

Discounters Shake Up Book Industry

(Continued from page 3)

- No-frills locations. Crown avoids high mall rents, generally locating in strip centers which are often anchored by one of its parents, Thrifty or Dart Drug.
- Prominently displayed remainders. These are stocked in the front of the store and constitute 40% of total sales. Markups here are generally over 100%, which make up for the neglible margins on best sellers.
- Rigid store standardization. Stores are 3,000 sq. ft. with face-out displays, clear signing and overstocks piled on the floor.
- Extensive advertising that bangs away at price. The chain's print motto is "If you paid full price, you didn't buy it at Crown Books."
- Quick distribution. Publishers ship new titles directly to Crown's warehouses in Washington, D.C., Los Angeles, San Francisco, and Chicago.

Critics of Crown say the chain has hurt the book market by focusing on the most popular seller with little regard for longevity and for putting several independent booksellers out of business. Supporters and imitators, however, say Crown has expanded book sales in every new market it has entered by attracting millions of new customers.

One of Crown's most successful imitators, 19-unit Encore Books, has created a stronghold in the major metro Philadelphia market, with projected annual sales between $10 million and $15 million, and 29-year-old president David Schlesinger has no intentions of expanding out of the region.

More Stores

"Sometimes it's easier being a force in just one area, especially when you're working out of your own backyard. A certain regional loyalty evolves. Philadelphia was a drastically underdeveloped market," he said. Encore will open three to four new stores by the end of 1984 and will have 30 3,000-sq.-ft. units in operation by the end of 1985.

Encore made the transition from a pure book closeout house to book discounter in 1980 and remainders are still a very important aspect of the chain's sales. Encore also discounts magazines 10%, contrary to most other chains, which charge full price.

Other discount book chains, although sharing many of the same characteristics, have taken decidedly different marketing approaches in regards to pricing, store size and selection.

At three-unit Bookstop based in Austin, Tex., president Gary Hoover is banking on a little show biz to combat a nine-store Crown presence in Houston.

Hoover is currently remodeling a 1939 movie theater in the heart of downtown Houston that will serve as the chain's showcase store. Many of the original fixtures will stay intact, including stage and screen, and Hoover hopes his 10,000-sq.-ft. store will become an instant star come September.

Hoover strongly believes in changing the rules of the book discounting game. He looks at Toys "R" Us, not Crown, for inspiration.

"We try to offer everyday low prices on a tremendous selection. We carry more than double Crown's titles and over 200 subject categories, which is larger than B. Dalton's," said Hoover. Bookstop units, which will grow to six stores by year's end, larger than the cookie cutter Crown standard of 3,000 sq. ft., range in size from 8,500 sq. ft. to 11,000 sq. ft. The larger stores stock approximately 30,000 titles and are located in strip centers. The company avoids malls, which in Texas are closed on Sunday.

Bookstop's marketing plan is also off the beaten track. The chain issues each shopper a discount card—a library card variation—on first purchases. With each subsequent purchase, the customer's address and title selection is punched into the register. From this the chain develops a mailing list for quarterly newsletters. Zip codes are analyzed for future store planning, and sales trends are tracked.

Strengths Examined

Deep selection and a service orientation are relied on by Bookmania, a five-unit northern California chain that battles head-to-head with a 30-store Crown mass in the San Francisco area.

Bookmania features 15,000 to 35,000 titles in its 2,000 to 7,000-sq.-ft. stores. Its service area offers mail orders, backlisting of older titles plus the standard service desk amenities. Chain president Jean Louis Forcina is dedicated to the fundamental, if old fashioned, approach.

"Discounting is not all it's cracked up to be. It's more important to offer special services and have alert salesmen than plain lowered prices. We're after the hardcore reader rather than the bargain hunter," he said.

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Best Products Completes Revamping of Its Top Brass

(Continued from page 1)
the company in a consulting capacity."

A number of benefits accrue to Best in the revamping of its merchandising administration trade observers said, which would aid the company in retaining its position as the leading cataloger in sales.

In Rubinoff, Best obtains a "superlative merchant," in the words of president and chief operating officer Robert E. R. Huntley.

Beyond directing the buying and merchandising functions for Best, Rubinoff could also give the cataloger an edge in its competition with two other major showroom chains—Service Merchandise and L. Luria & Son—which directly battle the Richmond company.

Prior to joining CD, Rubinoff was a key merchandiser at Service Merchandise, the industry's No. 2 chain. He worked closely with Everett Purdy, considered one of the nation's top catalog executives and now senior vp-merchandising for Nashville-based Service Merchandise. Rubinoff left that firm as vp-hard lines merchandising.

Before joining Service Merchandise, Rubinoff was general manager for Luria when that Miami-based cataloger began a major expansion that has made it the dominant showroom chain in Florida.

Best's growth envisions scaled-down showrooms in the 15,000-sq.-ft. to 30,000-sq.-ft. size range as satellite units in selected markets for its larger units. Three such units are planned for this year, joining the four minis already in operation.

Rubinoff is very familiar with merchandising small showrooms, as CD only operates units in the 10,000-sq.-ft. to 20,000-sq.-ft. range.

Lacy has "significant experience in marketing," Huntley noted. At Best he will be responsible for marketing, including the cataloger's market research operation, along with sales promotion, advertising and catalog publications. Before rejoining Best last year, Lacy had been with the cataloger from 1972 to 1979, serving as assistant vp-marketing and research. In the intervening years he was president of O. G. Wilson, a Texas retailer that runs showroom-type stores but follows an extensive newspaper and flyer advertising program rather than distributing a catalog.

The intensive O. G. Wilson advertising experience will stand Lacy in good stead at Best. Andrew Lewis, Best's chairman and chief executive officer, said the cataloger would be very promotional this year to avoid being out-advertised, a situation that occurred last year and was cited as a key reason for the cataloger's poor sales performance during the holiday fourth quarter.

Heck's Remerchandising Programs Start to Take Hold

(Continued from page 2)
be operational in 115 stores by Oct. 1, call for a 20% paring of slow-selling sku's in hardware, housewares and automotive.

A new 24-ft. pet foods department, and 10%-20% greater footage for ladies' sportswear, hosiery, infants' wear and domestics categories further reflect the chain's move away from excessive reliance on hard goods volume, which accounted for 77.5% of sales in 1983, said Richard Tucker, vp and gmm.

Through 1984's first six months, soft goods' share of total volume—including apparel, domestics and footwear—rose to 27.2%, said Isaacs, who targets a 30% share by fall 1985. Calling soft goods' rapid gain "stronger than we'd expected," he attributed much of it to sales disturbances in hard lines bought about by resetting efforts.

Heck's plans eventually to develop separate private labels for footwear, men's wear and ladies' wear, said Isaacs, largely through its nine-month-old direct importing program. "It's not a priority though," said Tucker. "At this point, it's not for a fashion or image thrust, but we'd need a label because we're the importer of record."

Heck's apparel efforts include the layering on of "some higher price points, though nothing dramatic," said Isaacs, who expects the department to gain two extra margin points by the end of next year.

Roughly 35% of the chain's direct imports are in apparel, said Tucker, with goods ordered in the Orient last January arriving on time at summer's start.

Imports are injecting Heck's mix with hard and soft goods at sharper price points. Through the first half of 1984, Heck's spent $22 million of its annual $45 million open-to-buy for direct imports on categories that also include consumer electronics, toys, sporting goods, some automotive, hardware and home furnishings in their appropriate shares of store volume, he added.

Imported microwave ovens and 19-in. color televisions, priced under $400 every day and $300 on promotion, are being added to Heck's continuing assortments, Isaacs said.

Heck's aims to have direct imports account for about 10% of chain volume, with an emphasis on individual items that generate vast volume such as aluminum-framed multiposition loungers and flannel shirts, said Tucker.

Overall, Heck's has pared its sku's per store from 40,000 last fall to 37,000 currently, as it moves to 33,500 by 1985. "There's no reason we can't achieve a 20% decrease in inventory dollar investment chainwide," said Isaacs.

Volume Is High, Also Costs in NBO's Invasion of NYC

(Continued from page 1)
unit are already keeping pace with the $7 million annual volume of the chain's top-volume store in Paramus, N.J., said president Gene Kosack. The average NBO unit runs just over half of that projection—$3.8 million a year.

On the more negative side, occupancy costs for the West Side location run 4% of sales vs. 2.5% of sales for other units. The company spent the most ever—$22 per square foot—to dress up the store with wood-slat and Plexiglas fixtures, hunter green floor tiles and walls, carpeting and partially mirrored columns. Building a staircase from the street level to the basement shopping level was an additional cost which proved higher than first estimated, Kosack admits.

Advertising costs are also higher than usual for the new suburban store. In addition to ads on television and radio, the chain is looking to attract shoppers from the affluent East Side with print ads in *New York Magazine* and *The New York Times*.

The concentration of sales on weekends and evenings at the Manhattan store coupled with the higher-than-expected operating costs have prompted NBO's management to put previous plans to open a second unit in the Wall Street financial district on hold, said operations vp Ben Gross, who searched for five years before picking the New York location.

Proof that NBO management isn't completely sold on inner city locations is in the chain's long-term plans to stick to suburban communities as it expands to 35 stores by the end of 1987.

In October, for instance, the chain will move into the Washington, D.C. market—but with a suburban Maryland unit.

In the Washington market the chain will repeat part of the formula tried in New York. The presentation will follow what Kosack calls fourth generation, with the more upscale presentation. The chain will once again add the 10% of merchandise geared for the more sophisticated tastes of urban office workers—more dress shirts, ties and high-end suits.

Back in New York, the conservatively outfitted store front displays make NBO appear a bit out of place at its Broadway location. The store is sandwiched between a flashy new Tower Video store—the Los Angeles-based record chain's flagship effort—and a soon-to-open Tower Records store. Across the street are several trendy restaurants with chic sidewalk cafes.

Inside the NBO store, half of the first floor houses dress shirts in Plexiglas bins, plus basic underwear, ties and belts. Toward the back of the store more casual styles. Members Only jackets, solid-colored designer pants and knit vests and rugby-type shirts are housed. Name brands discounted by 10% to over 40% include Christian Dior, Pierre Cardin, Fila (not newest styles), Pierre Balmain and Jhane Barnes.

The lower level of the store is devoted to higher-ticket suits by Evan Picone and Botany 500, raincoats, sports jackets, Members Only leather jackets and dress slacks.

Currently private label dress shirts and suits account for 10% to 12% of the business. Overruns and closeouts account for about 10% of the assortment, said Kosack, who in midsummer was about to visit England to shop for Shetland sweaters for fall '85.

This fall's expansion of NBO into the Washington, D.C. market is only the beginning of the chain's expansion into new markets. A total of 21 new NBO stores are slated to open around the country over the next two and a half years.

Half of the chain's expansion costs will be paid by the Toronto-based Dylex Co., which recently bought 50% of the chain's stock. Kosack described Dylex as a holding company which will be a financial and advisory partner to NBO. The Canadian-based owner of some 11 companies, including retailers, will not influence merchandising philosophy, he added.

Richway 'Masters' Its Automated DC

(Continued from page 3)
of three days after the buyer issues a transfer.

"Now that we have mastered the system, buyers can make distribution decisions at the last minute," Sheram explained. Ideally, buyers place chainwide orders with the vendor and allocate individual store quantities after the goods are en route to the DC. Individual store allocations made later are considered more accurate because they are based on more recent sales information.

Chain buyers, however, reportedly still make the majority of the store allocation decisions at the same time purchase orders are placed with the vendors. Many even over-order to offset expectedly late deliveries.

Buyers can now place orders with the vendors closer in, because of the speediness of the automated DC, Sheram said.

He and his staff still have to convince the buyers that their system can support shorter lead times. If buyers do start to order closer in, Richway will be able to reduce stock levels and keep inventory dollars in those items that sell fastest, Sheram explained.

The more specific goal at the distribution and traffic department is to get truck deliveries to each store daily—even at the most remote of the six southern Florida stores some 800 miles away—at a justifiable cost.

At present all the stores outside Florida receive shipments four days out of five, Sheram said. Only three of the six Florida stores are on the same schedule.

The trucks used for deliveries are all contracted, rather than company owned. Cost-effectiveness parameters require that only full loads leave the DC.

Next year, when the chain has five more stores in Florida the trucks headed southward should fill up more quickly and subsequently deliver to those stores more often.

The automated distribution center helps position Richway for further expansion after next year, because the cost of handling increased goods will be nominal in relation to the increased volume, Sheram explained.

At presstime the distribution center employed some 200 people including 90 full-timers.

ClubMart Is Open-Door

(Continued from page 3)
within ClubMart.

Despite the new open-door format, ClubMart has retained its gold membership card, but modified its use. It still costs $35 annually, but holders now get a 5% discount off the store's new higher prices.

Previously, gold card holders bought goods at the listed price, which was supposed to be the wholesale cost under ClubMart's original concept. Holders of the now discontinued green cards—which were distributed free—had to pay 10% above the tagged price.

Vincent had indicated that ClubMart's prices were too low under its original format. Ferkauf had projected the store would be profitable at an overall 10% gross margin, but the figure only hit 7.5% in its first six months of operation.

Vincent said ClubMart has adjusted its prices—reportedly to achieve gross margins of 20%-30%—and was still "very price competitive."

The switch to an open-door policy, along with the decision to trim the staff, motivated Ferkauf to leave ClubMart. He conceived the original ClubMart concept and helped to develop the company about two years ago; it went public in May 1983, seven months before it actually opened.

Vincent has asserted that the closed-door concept was "a negative marketing approach," and the distribution of gold and green membership cards didn't result in holders shopping ClubMart.

PL Strongly Impacts Shopper Loyalty

(Continued from page 2)
are also effective; 58% of those surveyed regard store brands to be "as well-packaged" as the majors, the study said.

Overall, 86% of shoppers agreed that private label costs less than national brands; 50% that they perform as well; 48% that they represent a better value and 42% that quality is comparable, the survey said.

Once hooked on private label, consumers tend to be loyal repeat purchasers—even more so than fans of national brands. The study said 80% of those surveyed "who last bought a store-brand item usually buy the store brand," compared with 62% of national brand shoppers who "would stick to the national brand next time."

Surprisingly, many shoppers transferred their positive feelings about private label to the retailers who carry broad assortments of it. Some 62% felt such stores "offer better value," and 46% believed "the stores care more," the survey said.

HARDWARE SHOW

A Special Report

Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

$2 per copy

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Photo Accessories Click

This issue's Photo Marketing Outlook analyzes a fast-developing discounter strategy to boost department profitability. Chains trading up their mixes to include 35mm cameras are effectively merchandising high-ticket, high-margin accessories, such as interchangeable lenses, filters, flashes and cases. Caldor, West Paterson, N.J., which showcases accessories with cameras, also promotes 10-piece kits to encourage larger transactions. *(DSN photo)*

Looking ahead to a continued buoyant economy, discounters gathered at McCormick Place for the August hardware show in a better frame of mind than a year ago, when shoppers were still tentative about stepping up.

Stable Prices, Big Seasonal Biz Make Hardware Buyers Bullish

Nationwide DSN Report

The nation's vibrant economy and widespread price stability in hardware have buyers bullish about department prospects into early 1985.

Positive signs surfaced this spring, when seasonal goods produced strong sales despite record rains in many parts of the country.

Accordingly, many discounters at the Chicago hardware show were set to shop for step-up patio furniture and multiaccessorized gas grills.

Basic hardware categories such as plumbing, lighting and electrical supplies and home security are also performing well, buyers told *DSN*. They're helping propel anticipated department growth of 10%-15% this year, discounters said.

While at McCormick Place, buyers said they would also be looking for:

—Domestic brands of small power tools, in order to help alleviate supply disruption problems and long ordering lead times associated with imports. They'll have upgraded features to meet increased consumer demand for conveniences.

—Fashion-driven decorative home items, such as wallpaper, mini-blinds, stains and broader color assortments of paints.

—Hard plastic and metal toolboxes that can retail everyday at less than $35.

—Flashlights, particularly units with high-intensity krypton and halogen bulbs.

Discount Toy Chains Swing to Fast Lane

Nationwide DSN Report

Discount toy chains are growing fast, and are an increasingly dominant force in toy retailing.

This issue's Discount Toy Chain Census profiles the nation's 10 leading chains, and broadly covers the dynamics of this rapidly evolving specialty field.

Toys "R" Us, which already accounts for 12½% of the nation's toy sales, is increasing its dominance.

Sales of the leading specialty toy discounter grew by $277 million, or 26.6%, in its most recent fiscal year, to $1.32 billion. Its volume growth far outpaced that of each of the next four largest toy discount chains.

By year's end, Toys "R" Us will nudge a milestone, the 200-store count, with units averaging 45,000 sq. ft. of gross retail space.

The top five toy discounters collectively experienced 27.2% sales gains, from $1.75 billion to $2.23 billion during their most recently completed fiscal years. Store counts also rose at a healthy pace, from 774 at the start of 1983 to 948 at the beginning of this year, or 22.5%.

Chains remain expansion-minded throughout 1984, planing to add another 115 units for a 12.1% growth in the number of discount outlets among the top five.

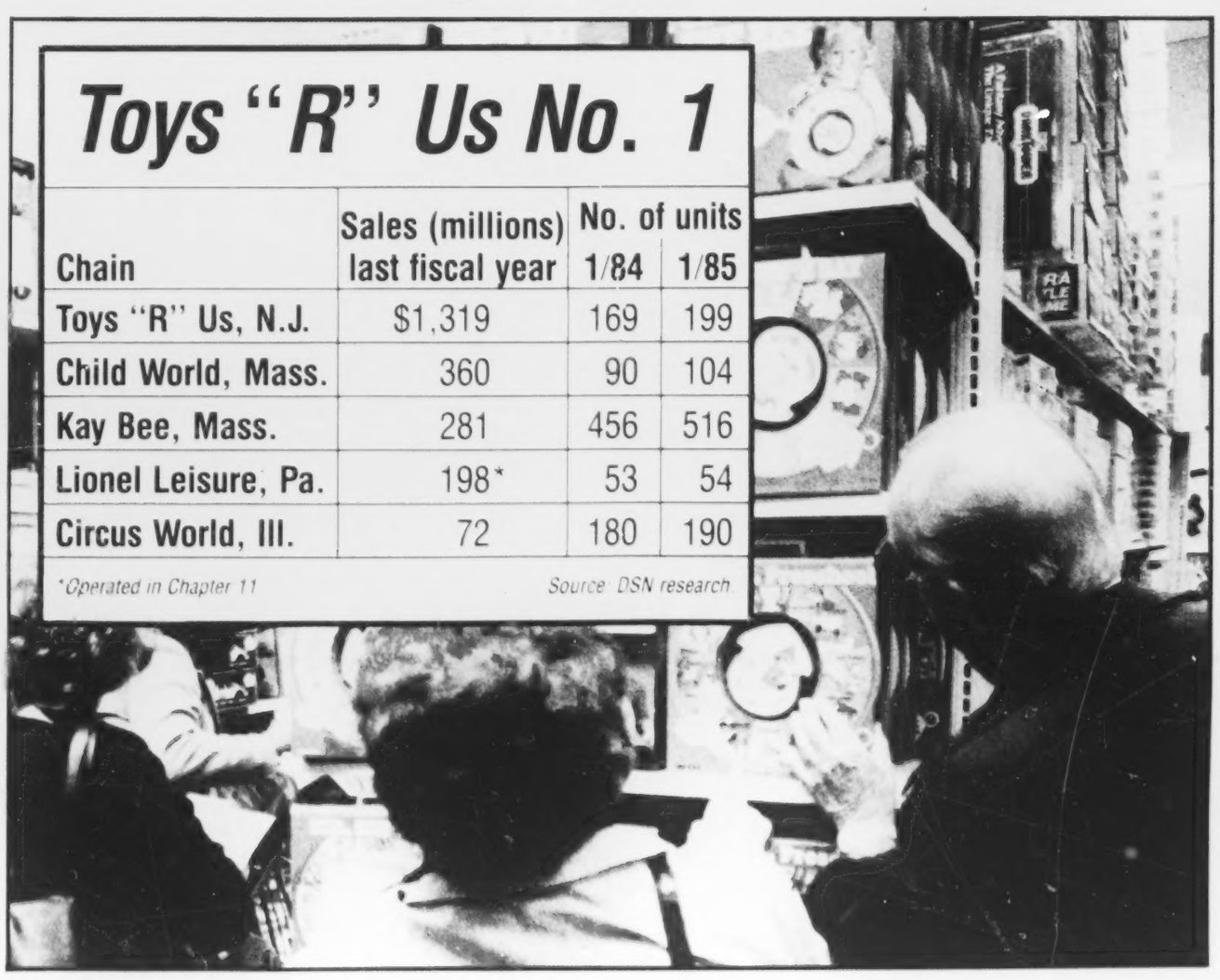
The most impressive unit growth is occurring at Kay Bee, whose 3,500 (gross)-sq.-ft. stores are in malls exclusively. By the end of 1984, the chain anticipates operating 516 outlets, up 42.9% from 361 at the start of last year.

Toys "R" Us No. 1

Chain	Sales (millions) last fiscal year	No. of units 1/84	No. of units 1/85
Toys "R" Us, N.J.	$1,319	169	199
Child World, Mass.	360	90	104
Kay Bee, Mass.	281	456	516
Lionel Leisure, Pa.	198*	53	54
Circus World, Ill.	72	180	190

*Operated in Chapter 11

Source: DSN research



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FTC Would Define 'Counterfeit'

Bill Could Threaten Chains' Legit Goods

WASHINGTON — Chains could be increasingly vulnerable to having arguably legitimate goods seized and detained, if a House unit gets its way.

Controversial new power over suspected "counterfeit" merchandise would be given to reluctant Federal Trade Commission enforcement officials, under a proposed bill passed by the full House Energy and Commerce Committee.

The bill, which takes a radically different approach from the trademark counterfeiting measure passed recently by the Senate, would also provide FTC enforcers with virtually unbridled authority to define "counterfeit" goods in a way that could lead to Federal seizures of chain private label products, "look-alike" generic drugs and other arguably legitimate goods whose "trade dress" is similar to brand-name merchandise.

The legislation, which was engineered by Rep. James Florio (D-N.J.) and Commerce Committee Chairman John Dingell (D-Mich.), also seeks to broaden the definition of counterfeit goods to include products which infringe on existing patents and copyrights as well as trademarks.

Unlike Sen. Charles Mathias' (R-Md.) anticounterfeiting bill which passed the full Senate earlier this summer, the new Florio-Dingell House measure would not authorize manufacturers to obtain "*ex parte*" search and seizure orders against retail discount stores or other suspected "traffickers" in counterfeit merchandise.

But if anything, key discount industry lobbyists suspect that the House version could pose even stickier legal problems.

The chief concern lies with the definition of counterfeit goods written into the bill by Florio and Dingell.

In addition to products bearing a nonauthentic but "substantially indistinguishable" trademark and goods which infringe on United States patents or copyrights, that legislation would define as counterfeit any merchandise declared bogus by FTC regulators.

(In a concession to critics of the bill who expressed concern

(Continued on page 74)

Discounters Sharply Hike Outlay For Improved Distribution Setup

By AL HELLER

Calling it their heaviest press for distribution productivity gains in nearly half a decade, discounters are spending as much as 10 times more on improvements in 1984 than in any year of that span.

In what has so far been a banner sales year for many discounters, distribution center upgrades costing from $250,000 to more than $2 million apiece are becoming common.

These expenditures are greater than in any year since prior to the 1980-81 recession, discounters told *DSN* and are meant to ensure their chains keep pace with planned growth in units and sales through 1988.

Chains generally are opting for a broad array of improvements in physical plant, systems and equipment—rather than footage expansion or the addition of new units—to boost operational capacity of distribution centers, speed product flow to stores and help generate massive labor savings at the distribution centers (DCs) and in store backrooms.

These upgrades are escalating despite a sticker shock experience for discounters who haven't been in the modernization market for several years.

"Equipment costs have risen 56% the past three years," said Bob Griffiths, Heck's vp-warehousing and distribution. "Our $2 million modernization could have cost us another $1 million if we didn't shop the entire United States market. It has made us tougher negotiators."

Current modernization efforts include:

—K mart spending an estimated $1.5 million to equip its 10 general merchandise distribution centers with IBM System 38 computers, completed last month, and its probable test of an automated picking system by early 1985;

—Caldor spent $20 million to replace an old DC with an updated unit nearly twice the size in North Bergen, N.J.

—Gold Circle operating its new $500,000 Integrated Automation optical scanning system, which is projected to save $800,000 in distribution center payroll costs by 1988 and produce other efficiencies;

—Heck's funding $2.5 million to physically reconfigure and add new computers, flow racks and conveyors to its three distribution centers, including two that serve the chain alone;

—Ames' $8.5 million program to further computerize its distribution network, add bar code scanners at the DCs and upgrade its apparel ticketing operation;

—Gaylords' $250,000 expenditure to reformat and modernize existing equipment in its 100,000-sq.-ft. distribution center.

Other chains including National Brands Outlet and Kay Bee are formulating DC expansion plans to support their anticipated rapid growth in numbers of stores.

K mart, which expects better inventory and paperwork control from its investment in new computers, will likely test for other efficiencies a Kingston-Warren automated picking system in one distribution center at the start of next year.

The system, estimated to cost more than $500,000 per unit, has reduced picking errors to nearly zero and generated

(Continued on page 76)

IN BRIEF

• JOHN HERRON, PRESIDENT AND CEO OF T.G. & Y., has resigned from the posts he assumed last October. Replacing him as head of the Oklahoma City-based discounter is Richard C. Rusthoven, executive vp, store operations and merchandising. Rusthoven, a Montgomery Ward veteran, joined the company at the beginning of the year.

• MURRAY'S JEWELERS & DISTRIBUTORS IS CLOSING its remaining showroom as part of its Chapter 11 liquidation. The company's other showroom was shut earlier this year shortly after the MAI member filed a bankruptcy petition listing a $2.5 million debt.

Burlington Coat Head Milstein Flouts Rules, Works With Foes

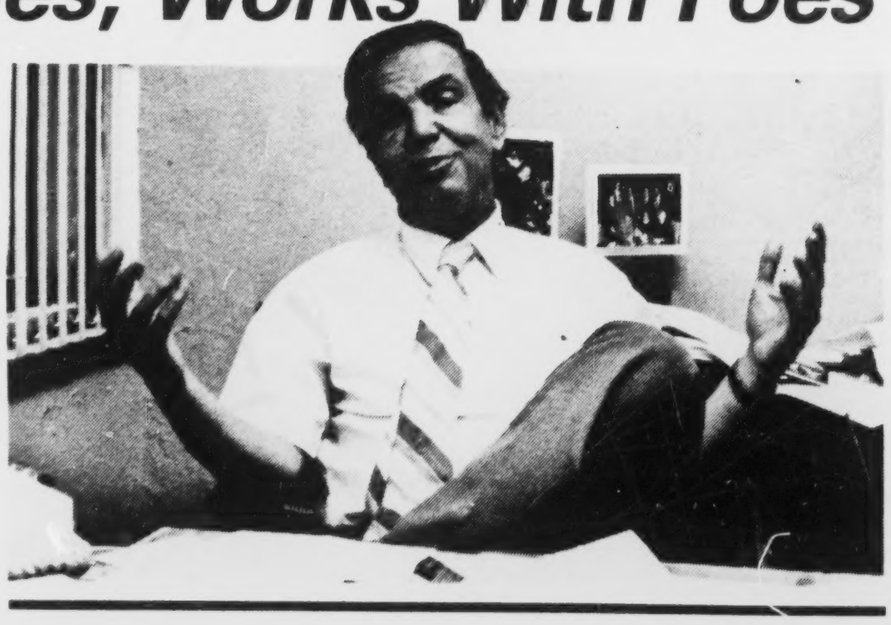
NEW YORK — Burlington Coat Factory president Monroe Milstein has no qualms about striking a partnership with his competitors.

His 51-unit chain already houses shoe departments run by off-price opponent U.S Shoe. Later this year domestics/housewares departments, also a division of U.S. Shoe, will open in the 15 to 19 new Burlington Coat Factory Outlets planned.

Those two lessees—operating as Cincinnati Shoe and Home Front— are also set up within U.S. Shoe's eight off-price Front Row superstores. In at least one location, in Indianapolis, the two off-pricers are in the same mall.

Milstein shrugs at the idea of working with the competition. He admits to considering Front Row off-price stores a troubled chain that could be closed in a year. If that happens, the shoe and domestics departments would only exist as specialty off-price chains and within his multiclassification stores.

Right now, Milstein is out to boost his chain's domestics business. Currently, two other lessees operate the chain's 34 domestics departments. In the best of those 5,000- to 6,000-sq.-ft. departments, sales top out at $400 per square foot. With Home Front, he hopes to better that figure because of their different formula, which includes higher-ticket small appliances as well as textiles.



"We've taken a one-month business and made it a year-round one." *—Monroe Milstein, president, Burlington Coat Factory*

He also has no qualms about attacking retailing from many angles.

Still involved with the wholesale business his father started in the 20's, Milstein will soon be going head-to-head with one of his long-time customers when

(Continued on page 74)

New-Market Bows For Lechmere?

WOBURN, Mass. — Lechmere's growth over the next two years may be fueled by a new hybrid store and new markets.

Trade sources indicate the New England-based hard goods specialty retailer will move out of its Boston-centered trade territory into Baltimore, Washington and Dallas next year, with a smaller, consumer-electronics dominated store. Sites have reportedly been staked out in four Dallas strip centers in Prestonwood, Beltline, Irving and Camp Wisdom Road. Those locations cover each of the market's four corners, according to local retailers.

Lechmere executives declined comment. "Our only announced locations are in Boston and Providence," said Neal St. Anthony, a spokesman for parent company Dayton Hudson. "It may very well be they were simply looking at sites around the country, but so are our Target and Mervyn's divisions."

According to trade sources, the hybrid Lechmeres would be much smaller than the existing units' average 131,000 sq. ft. Consumer electronics would

(Continued on page 74)

Digest

Aug. 20, 1984

HARDWARE SHOW

• Discounters converged on the Hardware Show in Chicago with a 10%-15% sales gain targeted for 1984. *DSN*'s special section (pp. 23-51) describes advances made by bench power tools (p. 23); the role of high-end groupings in boosting patio furniture sales (p. 35), and the remixing of mower and trimmer assortments (p. 36).

DISCOUNT TOY CHAIN CENSUS

• Leading toy chains are on an expansion kick, according to *DSN*'s census (pp. 55-62). A new breed of discounter, the toy outlet store, has emerged (p. 7). The census also reports that industry leader Toys "R" Us is going global (p. 59), and that chains are profitably coexisting in malls (p. 60).

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HARDWARE

Best Products to Expand Power Tool Mix

Best Products MegaShowroom in Shirlington, Va., will expand its hand-held power tool mix this year to include a test of industrial-grade branded models. They'll retail at less than $100. *(DSN photo)*

8.4% Annual Sales Boost Projected For Power Tool Consumables, Accessories

NEW YORK — Sales to DIYers of hand-held power tool consumables and accessories will grow at a projected 8.4% annual pace through 1988 to $349 million, up from 1983's $233 million level.

Consumables' dollar volume expansions will be led by:

—Abrasives such as grinding wheels, discs and belts, which new account for nearly a quarter of volume to DIYers and will grow by 11.2% annually during the next four years to $97.7 million;

—Saw blades, the second ranking contributor at $38.6 million in 1983, which is expected to grow by 9.4% yearly to $60.4 million in 1988;

—Drill bits, the third-largest segment at $26.7 million last year, which is estimated to grow 7.4% annually to $38.1 million in 1988.

These projections were made in a newly released Frost & Sullivan study, "U.S. Portable Power Tool Accessories and Consumables Market."

The study estimated the size of the accessories and consumables market as about 40% that of the domestic power tool market. And, while the DIY segment is the largest for power tools, it's the second largest for consumables and accessories, the study said. It attributed this difference to the infrequent use of tools by DIYers.

The study noted further that price is the leading purchase criterion among DIYers, followed by quality and then brand names of power tool consumables and accessories.

Accessories, which are replacement parts of a more enduring nature such as chucks, power bits, disk pads, keys, power sockets and extensions, "show a greater potential growth rate than the average for the market as a whole, increasing 7.5% annually to $59 million in 1988," the study said.

That's up from $42.2 million in 1983 sales to the DIY market.

Chain saw accessories, primarily cutting chain, will show the slowest rise of 4.9% from $45.3 million last year to $57.5 million in 1988, the study projected.

This represents "a gradual recovery from a market which collapsed in 1981, following a period of extraordinary growth (which was) precipitated by the oil crisis and subsequent energy shortage," the study noted.

Yet "disillusioned homeowners who experimented with (chain saws) find that the costs of cordwood today are approaching those of gas or oil fuel, while the efficiency of wood-fired heaters is low," the study said.

The fastest growth rate of 12.9% annually is projected to be shown by router bits.

Predicting a leveling off in the DIY market, the study cited "the inevitable maturing of a business which has enjoyed an annual growth rate of almost 15% for more than a decade."

Power Tool Accessories and Consumables Sales to DIYers (in millions)

Product	1983	1988
Abrasives	$57.4	$97.7
Chain saw blades	45.3	57.5
Accessories	42.2	59.1
Saws	38.6	60.4
Drill bits	26.7	38.1
Other consumables	18.3	28.0
Router bits	4.6	8.4

Source: Frost & Sullivan

ADG Dividend

NEW YORK — Associated Dry Goods increased the quarterly dividend on its common stock to 65¢ per share, up from 55¢ per share, payable Sept. 1 to holders on record on Aug. 10.

You've heard the saying, "It pays to advertise." Well, at Bostik Consumer Division, we're giving that old slogan a whole new meaning.

We're going to pay you to advertise America's Number 1 Brand Rivetool, the POP® brand. And we won't just pick up part of the cost, we'll pick up a hundred percent.*

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HARDWARE

PMA

PRODUCT MOVEMENT AUDIT

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
PAINT				
1	Luct 50 White Gal	6,444	15.72	101,280.34
2	Luct 2386 Ceiling Wh Gal	5,004	12.91	64,596.64
3	Luct 1699 White Gal	3,719	16.86	62,706.06
4	Luct 2329 Antique Wh Gal	2,740	12.91	35,370.66
5	Luct 2360 White Gal	2,708	12.91	34,957.57
6	Luct 1800 White Gal	1,526	16.87	25,749.72
7	Luct 1629 Antiq White Gal	1,248	16.86	21,042.53
8	Luct 2342 Nat Beige Gal	1,396	12.91	18,020.64
9	Olym Clear Wood Preserve	1,640	10.54	17,290.52
10	Luct 2331 Clas Cream Gal	1,228	12.91	15,852.25
11	Luct 2361 Miss Ivory Gal	1,183	12.91	15,271.35
12	Luct 1860 Gull Gray Gal	1,060	13.98	14,813.50
13	Olym 716WS Semitran Gal	888	14.74	13,090.90
14	Luct 2321 Dove Blue Gal	984	12.91	12,702.46
15	Luct 1865 Earth Brown Gal	892	13.98	12,465.70
HAND TOOLS				
1	Stan 11-921 Heavy Duty B1	7,520	1.27	9,542.88
2	Stan 33-312 12' Powr Rule	995	8.80	8,757.99
3	Stan 33-425 25' Tape Rule	680	12.85	8,739.36
4	Arrw T-50 Staple Gun Tack	515	16.97	8,739.29
5	Stan 33-116 16' Powr Rule	521	10.96	5,711.20
6	Stan 34-500 L Tape 100'	477	11.38	5,428.50
7	Stan 87-368 8" Adj Wrench	894	5.86	5,237.95
8	Stan 10-299 Utility Knife	2,295	2.25	5,174.08
9	Stan 84-121 6" Long Ns Pl	1,110	4.60	5,109.89
10	Stan 42-248 48" Alum Levl	417	12.20	5,089.07
11	Stan 33-208 8' Power Rule	947	5.36	5,075.45
12	Stan 84-106 6" Slp Jt Pl	1,604	3.02	4,850.50
13	Wiss MPC3 Multipurpose	613	7.49	4,592.90
14	Stan 33-212 12' Power Rule	653	6.97	4,548.80
15	Stan 10-099 Retract Knife	1,290	3.38	4,353.75

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
BLACK & DECKER POWER TOOLS				
1	B&D 7127 3/8 Vari Rev Dr	676	27.48	18,573.10
2	B&D 7391 7¼" Circ Saw	279	50.76	14,162.74
3	B&D 9330 Dustbuster	410	31.83	13,048.25
4	B&D 7404 Sander	431	26.81	11,556.19
5	B&D 7308 7¼" Saw	312	36.71	11,454.30
6	B&D 7530 2 Speed Jig Saw	361	27.00	9,747.00
7	B&D 9333 Dustbuster Plus	232	41.30	9,581.60
8	B&D 7104 3/8" Drill	459	20.40	9,363.60
9	B&D 7613 1HP Router	177	50.76	8,984.96
10	B&D 7504 Jig Saw	418	18.00	7,524.00
11	B&D 9360 Spotlighter	266	26.29	6,992.48
12	B&D 7436 Sander	163	40.46	6,595.39
13	B&D 7224 1/2" Drill	105	55.58	5,835.38
14	B&D 7190 3/8" Drill VS	126	40.06	5,047.88
15	B&D 9419 8" Table Saw	41	116.63	4,781.63
POWER TOOL ACCESSORIES				
1	B&D 71-010 10 PC Bit	6,148	7.96	48,941.15
2	B&D 71-013 13 PC Bit St	1,034	10.95	11,319.72
3	B&D 71-120 Hole Saw Asst	425	9.74	4,141.20
4	B&D U2499 Router Bits	352	11.43	4,021.95
5	B&D 73-369 7¼" Carbde	445	8.54	3,800.52
6	B&D 71-007 7 PC Drill St	573	5.87	3,364.94
7	B&D 79031 Workmate	51	64.29	3,278.94
8	B&D 73-300 3 In 1 Blade	375	7.87	2,952.56
9	B&D U1670 6 PC Set	330	8.90	2,937.99
10	B&D U1337 Dial A Blade	500	5.71	2,856.50
11	B&D 71-382 Mag Bit W Hld	420	6.77	2,844.03
12	B&D 70-404 1/8" Dril Bit	1,970	1.44	2,827.94
13	B&D 70-436 1/2" Dril Bit	550	5.08	2,791.25
14	B&D 730107 7¼" Comb	420	4.10	2,769.86
15	B&D 9020 Cordless Drill	53	45.82	2,428.46

(Continued on page 46)

Consumers Spend More For Quality

By ARNOLD REINHARD
Director of Sales, Schreiber Company

Across the board, our business is reflecting the consumers' willingness to spend more for better quality hardware products.

The power tool area is a good example of that consumer buying trend.

In the five-month period charted in this product movement audit (Feb. 1 to June 30), the second ranking Black & Decker power tool was the #7391 7¼-in. circular saw which carried an average retail of $50.76. Three years ago this would have ranked seventh or eighth and the #7308 saw, with an average retail of $36.71, would have been the top-selling item in this classification.

Similarly, today the #7127 3/8-in. variable/reversible drill with an average retail of $27.48 outsells the #7104 which is on average tagged at just over $20. These volume figures also reflect the discounters' interest in stepping up power tool assortments to a level where some money can be made. The #7104 is essentially a giveaway business.

Other signs of the consumer trade-up are visible in the cord-

(Continued on page 46)

Winter Hardware Show Rescheduled

STAMFORD, Conn. — The dates for the Winter Hardware and Home Center Show at the Las Vegas Convention Center, Las Vegas, Nev., have been changed to Sunday, Monday and Tuesday, Feb. 17-19, 1985.

Arthur E. Maxon, vp and group show manager, Cahners Exposition Group, explained that the new schedule provides more flexibility, allowing retailers, wholesalers and buyers the opportunity to attend either during the weekend or on a weekday.

Whitlock Grows In Upstate N.Y.

WHITE PLAINS — Whitlock Corp. has signed leases for additional store sites in Buffalo and Syracuse, N.Y., and plans expansion in Rochester, another major upstate market.

Chairman William Fox and president Norman Helft jointly announced Whitlock's intent to increase retail coverage in these cities through its National Auto Stores subsidiary.

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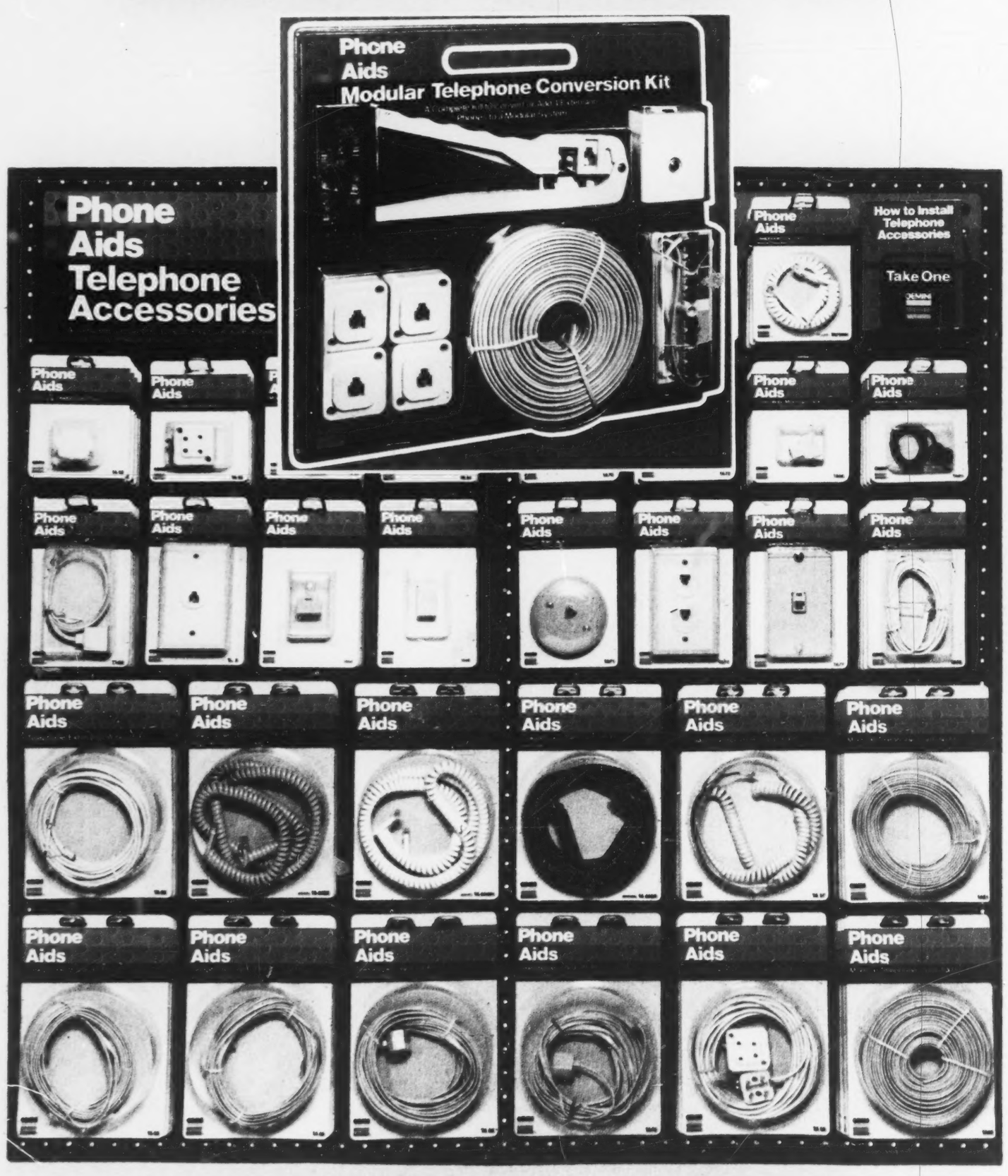

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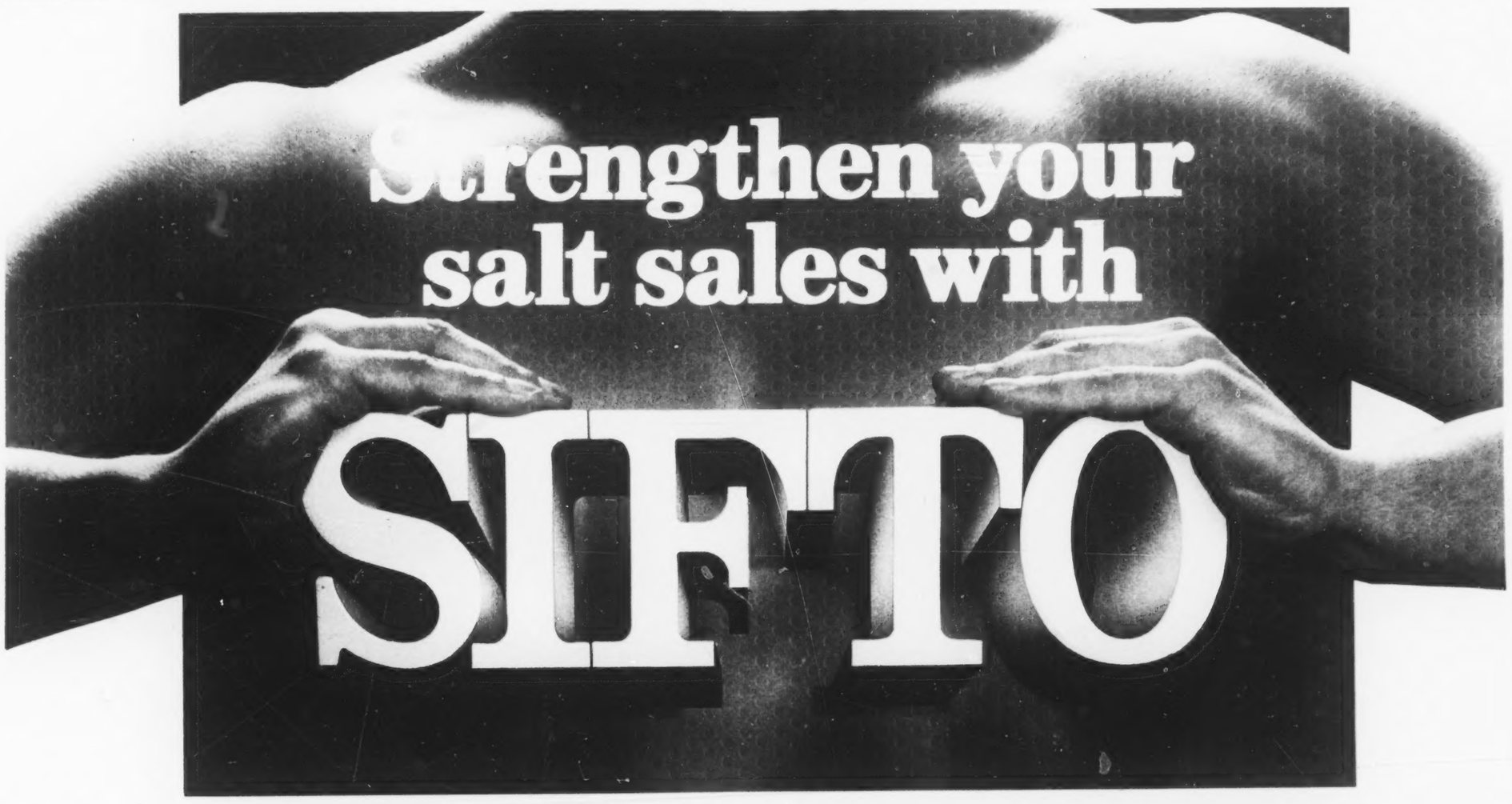
HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
ELECTRICAL				
1	Carl 03002 100' Org Ext	1,387	14.38	19,950.61
2	Epak MOC-6C Multi-Outlet	1,023	16.81	17,192.03
3	Elec Moc 4C Multi-Outlet	738	15.04	11,096.94
4	Carl 4170 8½" Cl Lamp	1,638	5.25	8,597.86
5	Levi 801-6101 Night Light	3,600	1.86	6,681.60
6	Levi 801-6671 Dimmer	1,594	4.16	6,633.43
7	Genc 12-2-100 Romex NM	328	19.44	6,328.96
8	Genc 12-2-50	620	10.21	6,328.96
9	Levi 800-284 3 Way Adaptr	7,466	0.80	5,954.14
10	Epak Elvt-300 WG Pagoda Kt	42	132.68	5,572.35
11	Levi 800-697 Plug Outlet	1,950	2.71	5,287.43
12	Levi 800-1406 Socket Adapt	2,660	1.91	5,091.24
13	Levi 800-6098PG Butt Sock	2,760	1.77	4,882.44
14	Angl 76013 Forte Chime Kt	180	26.87	4,836.33
15	Levi 800-7090PG Knob Sock	2,230	2.15	4,785.58
BATTERIES				
1	Dura MN1500B4 AA Size 4 Pk	60,191	2.99	179,790.51
2	Ever E91BP-4 AA Alk Batt	59,639	3.00	179,006.45
3	Ever E95BP-2 D Alk Batt	71,434	2.23	159,512.12
4	Ever E93BP-2 C Alk Batt	68,328	2.23	152,576.42
5	Dura MN1400B2 C Size 2 Pk	66,288	2.23	148,021.10
6	Dura MN1300B2 D Size 2 Pk	64,943	2.23	145,017.71
7	Ever E91BP2 AA Alkaline	56,352	1.68	94,784.06
8	Dura MN 1604B 9 Volt 1 Pk	40,168	2.23	89,695.14
9	Dura MN1500B2 AA Size 2 Pk	50,448	1.68	84,853.54
10	Ever 522BP 9V Alk Battery	35,832	2.23	80,012.86
11	Ever E92BP2 AAA Batt	27,948	1.68	47,008.54
12	Ever 1215BP-4 AA H D Batt	29,760	1.53	45,741.12
13	Dura MN1604B2 9 Volt 2 Pk	10,800	3.84	41,499.00
14	Ever 1209 6V Gen Batt	10,631	3.09	32,833.84
15	Ever 509 6-Volt Lantern	11,590	2.32	26,888.80

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
LIGHTING				
1	Powr AP 15x12 Und Cab Lit	3,083	7.97	24,556.10
2	Powr C54B Circline 2 Lite	273	32.03	8,742.83
3	Wolf CF112 15" Wagon Wheel	236	34.38	8,113.68
4	Wolf CF69 24" Wagon Wheel	112	67.07	7,511.28
5	Wolf CF115X 18" Wagon Wheel	140	52.50	7,350.00
6	Powr GL240 Grid Lite 2 Lit	295	21.96	6,478.20
7	Home 3425 Country Oak 40W	121	49.41	5,978.61
8	Dval 1723 Blk Wall Caddy	409	14.43	5,901.87
9	Dval 9800PB Wall Fixture	561	10.22	5,730.62
10	Dval 9708WH Ceiling Fixture	938	5.99	5,613.93
11	Powr ST120 24" Strip	570	8.97	5,112.90
12	Powr C32B Circline 1 Lite	216	23.34	5,041.44
13	Home 3221 Wal Wraprnd 40W	127	38.43	4,880.61
14	Dval 8010AB Oak Strip 3	132	35.69	4,710.42
15	Dval 9708PC Ceiling Fixture	516	8.78	4,527.90
TOOLS & APPLICATORS				
1	Pama 5041 Latex Pan & Roller	9,763	1.96	19,111.07
2	Pama 1031 9" Twin Pack	9,578	0.99	9,443.91
3	Pama 8130 3" Polyester	3,240	2.65	8,597.34
4	Pama 8130 2" polyester	4,638	1.80	8,339.12
5	Hyde 13050 Razr Scr&Blads	5,975	1.26	7,537.46
6	Hyde 13110 Replace Blades	5,987	1.23	7,378.98
7	Pama 1033 9" Tri Pack	5,880	1.22	7,161.84
8	Pama 505 5Pc Roll Trayset	1,394	4.77	6,650.08
9	Pama 200 2" Nylon Brush	1,602	3.38	5,412.36
10	Pama 950 9" Roller Handle	2,812	1.78	5,015.20
11	Pama 8160 3" Polyester	1,221	3.99	4,868.74
12	Pama 8160 2" Polyester	1,764	2.64	4,655.20
13	Pama 7909 9" Paint Pad	1,510	2.89	4,357.11
14	Pama 200 2.5 Nylon Brush	3,192	1.36	4,350.70
15	Pama 200 1" Nylon Brush	1,062	4.07	4,327.12

(Continued on page 51)



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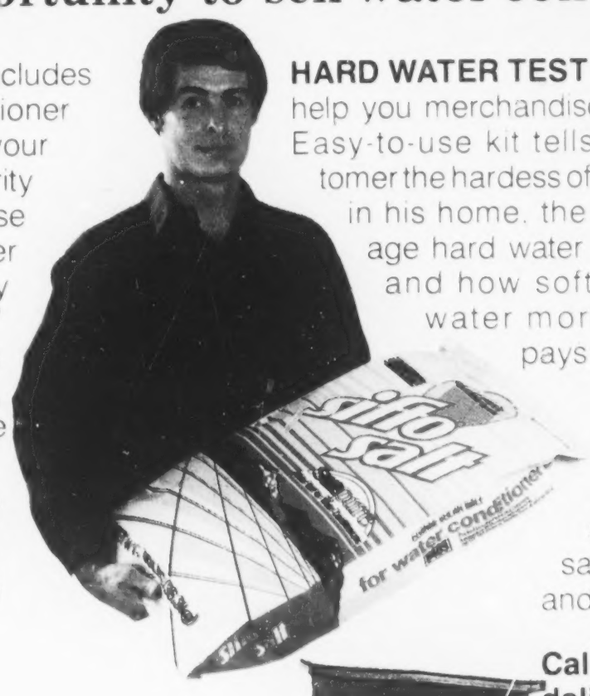

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PMA

PRODUCT MOVEMENT AUDIT

Spend More

(Continued from page 45)

less tool classification.

We currently have orders outstanding for 300 to 400 cordless drills—like the #9020 which generally sells for about $42—because demand is high and there have been some production problems limiting available quantities.

Category sales strength is also coming from B&D's Dustbuster which is being carried in the hardware as well as in the housewares department.

In paint, the trade-up trend is evident in increased sales of paint sundries. Today, consumers are willing to spend $3.99 for a paint brush; the days of the 99¢ paint brush are over.

Business in paint sundries, across-the-board, is up 8% to 10%, reflecting consumer enthusiasm for better quality products.

In other categories, like plumbing and electrical, however, basics continue to dominate.

In security, for example, the bulk of our business is in promotional—under $10—items like the Harlock T-700 entry lock. We sold more than 4,800 pieces during this five-month period—

(Continued on page 51)

Dollar General Biz Up 50% For Half

SCOTTSVILLE, Ky. — Dollar General reported that sales for the first six months of 1984 came to $203 million, a 50% increase over same-period sales a year ago.

Sales for the second quarter increased 52% over the same period last year, to $113,650,000. Same-store sales increased 13%, raising the year-to-date increase to more than 11%.

Included in the figures were sales from the 280 stores acquired last November from Interco, which contributed $26,925,000 in the second quarter, and $48,250,000 for the first six months.

President Cal Turner Jr. commented: "A very successful companywide promotion near the end of June benefited the same-store sales performance. We also completed the conversion of 229 acquired stores in the Dollar General store format one month earlier than scheduled.

"While most of the converted locations have been operating as Dollar General stores for less than 90 days, we're very pleased with their performance to date. The transition has been difficult and challenging, but it has proceeded more smoothly than we anticipated. We're enthusiastic about prospects in the months ahead."

Read
CLASSIFIED ADS
in
Discount Store News

HARDWARE

PRODUCT MOVEMENT AUDIT

Spend More

(Continued from page 46)

which reflects the item's popularity as an advertised item.

The second most popular security item on this audit was also by Harlock, the slightly higher-priced UR-700 with an average retail of about $13.

In electrical, 10% of our business this year has come from wiring devices, extension cords, plugs, receptacles and switches.

The best-selling item in the category in this audit was a 100-ft. extension cord from Carol Cable. Almost 1,400 pieces were sold during the period on promotions. Average retails were just under $15.

It's really one of the best-turning items in the department. In fact, although we carry a fairly broad assortment of cords, there are really only 10 to 12 that do a significant amount of volume; the others are more of an accommodation.

In electrical, another 10% of our business comes from batteries.

We have seen steady growth in this area over the last year and a half, most of it the direct result of the steadily growing popularity of battery-driven appliances and popular consumer electric products like personal portable stereos.

One other electrical-related area that's done extremely well for us is in the area of television accessories.

Sales of the top five ranking items represent nearly $69,000 in retail volume.

It reflects increased customers' willingness and sophistication in tackling electrical do-it-yourself projects.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
LOCKS				
1	Harl T-700 US3 Entry Mdl	4,865	9.84	47,881.33
2	Harl Ur 700-M-DL US3 Entry	882	13.15	11,594.77
3	Mast 1500D Comb Padlock	3,138	3.29	10,324.02
4	Harl T-700-M-DL US5 Entry	803	10.43	8,375.29
5	Mast 22D Padlock 1½	4,122	1.82	7,502.4
6	Harl UJ 700-M-DL US5 Entry	524	13.76	7,211.29
7	Mast 500D Padlock 1¾	2,676	2.34	6,256.49
8	Harl T-100 US3 Passage PB	1,149	5.19	5,967.91
9	Idel SK600 Knob Lock	940	5.88	5,527.20
10	Harl T-200 US3 Bedroom Pb	912	5.94	5,413.63
11	Idel 45-3024 Nite Latch	917	5.73	5,250.74
12	Slay 95002 Lam Padlock	2,604	1.85	4,812.19
13	Mast 7D Padlock 1⅛	1,134	3.99	4,524.66
14	Mast 1D Padlock 1¾	786	5.71	4,489.63
15	Idel SK85 Pneumatic Close	942	4.48	4,220.16
PLUMBING				
1	Meld 1501 Basket Strainer	5,660	1.55	8,781.49
2	Meld 14206 6" Plunger	4,977	1.45	7,216.65
3	Meld 18016 6" Fem X Fem	2,008	3.58	7,191.65
4	Meld 1603 Ballcock Brass	590	10.95	6,459.03
5	Meld 3525 Shower Massage	365	17.21	6,282.20
6	Meld 1422 Super Plunger	1,639	3.26	5,347.24
7	Meld 1619 Flapper Ball	3,467	1.41	4,876.34
8	Meld 1600 Toilet Tank Kit	734	6.50	4,768.06
9	Meld 360 Executive Head	1,030	4.50	4,629.85
10	Meld 19012 Sink Strainer	732	6.25	4,574.63
11	Meld 361 Guardsman W Adj	569	7.48	4,257.26
12	Meld 1601 Ballcock Plasti	939	4.48	4,207.19
13	Meld 1661 Survo-Flush Val	786	4.71	3,704.03
14	Meld 1408 Plumb Repair Kit	1,926	1.90	3,658.44
15	Meld 312 Rubber Bth Spray	1,740	2.09	3,633.12

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CAULKS, SEALANTS, ADHESIVES & LUBRICANTS				
1	Duro Supl Super Glue	17,370	1.02	17,630.55
2	Bord E701 Wood Glue 8 oz	9,216	1.81	16,704.00
3	Dap 6 oz Kwikseal Tubclk	8,360	1.93	16,122.26
4	Kraz 240CD Krazy Glue	15,600	1.02	15,834.00
5	Dap 11465 Acry Latex Clk	6,075	2.07	12,596.51
6	Dap Rely-On Latex Tube	9,930	1.15	11,374.82
7	GE 2567-012 Caulk Clear	1,960	5.21	10,202.78
8	Bord E702 Wood Glue 16 oz	3,280	3.09	10,130.28
9	Dap Acryl Latex W Si Lic	3,350	2.71	9,083.53
10	Dap Qt. Vinyl Spakl Paste	2,511	2.93	7,354.72
11	Bord E379 Elmers Glue 8 oz	5,315	1.36	7,244.35
12	GE 361 Seal Clear	2,416	2.89	6,971.37
13	GE 2567-712 Tub Clk Wht	1,304	5.21	6,787.97
14	Darw J20 Cart. Polyseamsl	1,998	3.26	6,518.48
15	Duro CC9 Contact Cement	6,348	1.02	6,443.22
MISCELLANEOUS HARDWARE				
1	Ferm #500 8x10 Shelf Brakt	11,681	0.54	6,307.74
2	Ferm #500 6x8 Shelf Brakt	13,488	0.42	5,664.96
3	Ferm #500 10x12 Shelf Brakt	4,873	0.86	4,166.42
4	USM 203 Glue Gun	335	11.10	3,718.50
5	USM K110 Pop Rivetool	373	9.84	3,670.32
6	USM 220 All Purp Glue	1,288	2.24	2,878.68
7	Wesl 810B Coat Hook Brass	2,135	1.16	2,465.93
8	USM CD4SD Molly Fastner	2,119	0.99	2,097.81
9	USM CD4S Molly Fastner	2,800	0.74	2,058.00
10	USM CD4SLD Molly Fastner	1,690	1.10	1,850.55
11	USM S-42 Rivets Steel SH	1,420	1.17	1,661.40
12	Faul 10x27x5 88Z Wheel	120	13.71	1,645.20
13	Modn 35118 Galvanized Wir	996	1.52	1,508.94
14	Faul 121-2-1 2 HD Casters	308	4.86	1,496.88
15	Stan 84-107 8" slp Jt Pli	338	4.37	1,475.37

Source: Schreiber, hard goods distributor, Lititz, Pa., for Feb. 1-June 30, 1984. The firm covers 600 discount stores in 19 mid-Atlantic and East Coast states. Average retail prices reflect typical price points for discount chains.

K mart Matching Employees' Gifts

TROY, Mich.—K mart has begun matching employees' gifts to higher educational and cultural institutions.

Under the new program, the company will match gifts on a dollar-for-dollar basis up to $1,000 per employee per year.

The educational institutions eligible under the matching grant program include accredited, four-year, degree-granting colleges and universities and two-year junior or community colleges.

Eligible cultural organizations include museums, public television and radio stations, orchestras, opera, theater and dance groups, cultural centers, libraries, art funds, zoos, botanical gardens and historical organizations.

Bernard M. Fauber, company chairman, commented, "We view gifts to educational and cultural programs as investments in our individual communities. We all benefit from support of educational, historical and cultural facilities."

This Month Nostalgia Quiz Answer: Bradlees, Harold Frank, Robert J. Levin.

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DISCOUNT TOY CHAIN CENSUS

'84 Outlook: Fewer Chains, More Sales

Nationwide DSN Report

Fewer toy chains are expected to pump out more sales this year than ever.

Toy discounters will account for nearly $3 billion in sales in 1984, approximately one-third of total domestic toy volume.

Although the economy shows some signs of slowing, toy discounters appear to be oblivious to it. With an unprecedented number of popular toys on the market and a drastic decrease in video-related products, toy chains enjoyed an excellent first half.

Toys "R" Us, at the end of its first quarter, saw a 36% increase to $247 million compared to $182 million for the same period last year. Comparable toy store sales gained 22.1%. Net earnings in the quarter nearly doubled to $9,637,000 compared to $5,357,000 last year. Second-quarter figures were not available at presstime.

Cole National, thanks to lowered losses of its Child World chain, reported a profit in the opening months of this year for the first time since acquiring the toy retailer. First-quarter profits were $269,000 vs. losses of $610,000 for the same period last year.

As the two major toy selling segments—freestanding supermarkets and mall stores—vie for their separate consumer audiences, all toy merchants are hoping the momentum will continue through to the second half, where over 50% of sales occur. Armed with this current optimism, toy chains in both segments are poised to expand in their specific strongholds.

Toys "R" Us is planting the seeds for international expansion. With a move into Canada this fall, a British invasion slated for 1985, and start-ups in Singapore and the Middle East, the chain is well on its way to the $2 billion sales level.

Currently 200 units strong in 27 states, accounting for one-eighth of total United States toy sales, TRU will open 30 new domestic units this year. Industry analysts predict the chain will own 25% of the domestic toy market within the next five years.

Kids "R" Us, its children's apparel offspring, has yet to cash in on the mini-baby boom. Although KRU lost an undisclosed amount of money last year, the chain is expected to grow to 10 units by year's end. Another 15 debuts are on tap for 1985.

Child World, the nation's second-largest toy chain, has put all plans on hold while its parent company, Cole National, is in the midst of a leveraged buyout headed by Kohlberg, Kravis, Roberts and Co.

The latter and a group including Jeffrey Cole, president of Cole National, will acquire the company for approximately $308 million, or $39 a share. Cole, who currently owns 15% of the company, will have the option to buy 21% of the newly formed concern. Kohlberg, Kravis, Roberts and Co., will be granted an option to acquire about 16.5% of the voting power of the new company.

Child World, with 90 units, is anticipating sales of almost a half billion dollars for 1984, up from $360 million last year.

(Continued on page 61)

Toy Chains on Expansion Kick

Chain, Hq. State	Fiscal 1983 Sales (millions)	Number of Units 1/83	1/84	1/85	Avg. Store Size (Sq. Ft.)
Toys "R" Us (N.J.)	$1,319	144	169	199	25,000
Child World (Mass.)	360	79	90	104	25,000
Kay Bee (Mass.)	281	361	456	516	3,500
Lionel Leisure (Pa.)	198[a]	50	53	54	25,000
Circus World (Mich.)	72	140	180	190	3,500
Playworld (N.Y.)[b]	15	9	6	6	20,000
Playland (Ga.)[b]	19	30	40	53	2,900
K & K Toys (Va.)	28*	60	69	87	3,200
Toy King/Toys and Gifts Outlets (Fla.)	26*	45	65	83	2,500
Karl's Toys (Calif.)	15	18	20	23	6,000
Hobby Center (Ohio)	9	24	27	N.A.	3,000

[a]—Operated in Chapter 11 [b]—Owned and operated by Greenman Bros *DSN estimate N.A.—Not available
Source: DSN research

Toy Outlet Stores: A New Discount Breed

(Continued from page 7)

At Kay Bee, president Howard Kaufman has steered clear of the outlet mall concept because he, unlike Fette, feels toy outlet stores in malls do compete directly with freestanders. "I think the outlets position themselves as mini-supermarkets: They are going up against Child World and Toys "R" Us but with much less of a selection and much less space."

Kaufman also suspects that most factory outlet malls are bad locations that failed and were repositioned as outlets which are also destined to fail.

Two other specialty store operators, Orlando-based Toy King and Virginia-based K & K, each launched 2,500-sq.-ft. to 3,500-sq.-ft. outlet stores during the past three years and plan to continue to add them.

In outlet malls, tenants pay as little as half the rent paid in traditional malls; stock an increased amount of closeout items to help keep price points sharp, and spend very little on in-store decor.

Toy King appears the most enamored of the outlet store format. Over the past three years the company has poured all of its expansion efforts into its Toys and Gifts Outlets. Since 1981 the company has opened 40 outlet stores in Florida, Tennessee, Kentucky, Virginia, North Carolina, South Carolina, Oklahoma and Texas.

Some 40% of the merchandise in the Toys and Gifts Outlets are closeout goods bulk stacked on the selling floor. The rest are current goods discounted by an average of 25%, according to Fette. The stores stock "everything from nickel party favors to gym sets and trampolines," he said.

As a rule the outlets don't have high-priced electronics items. However, "If we get a good deal for a closeout we'll buy it," Fette added. As a result, the inventory is constantly changing in the stores.

This fall the three-year-old operation will invest in a print advertising campaign for the first time, Fette said. At presstime, he wasn't certain how much the company would spend on advertising for the fall/winter seasons.

K & K's Toy Outlets is a two-year-old operation, now made up of three 3,500-sq.-ft. to 4,000-sq.-ft. outlets in North and South Carolina. Rent for the outlet locations run $6 to $7 per square foot as opposed to a minimum of $12 for traditional mall sites, according to president Kenneth Perry, senior.

Margins in those stores are identical to the 40% margins won in the chain's regular specialty stores, he added. Margins are so high because the outlets stock more closeouts and fewer loss leaders (items advertised on TV), Perry explained.

"We carry the same quality of goods but we don't dress up the stores," Perry added. "Basically we just come in with some paint brushes and we're in business."

A Closer Look

One of the first outlet mall operators to tackle toys was Housewares Plus, which started with Distributor Outlets in Reading, Pa., five years ago. The stores dedicate a third of their 7,500-sq.-ft. selling floor to toys. Unlike Toy's and Gifts Outlets or Toy Outlets, Housewares Plus focuses on the manufacturer.

"We carry everything Fisher-Price makes," said company president Jeff Brok. Right now the chain carries the complete line of Fisher-Price as well as Playskool toys—all goods for the preschooler. Brok is hoping soon to expand his offerings with items from Hasbro and Little Tikes. He plans to expand the six-store chain, now operating in Pennsylvania, New York and Virginia, at a rate of two to four outlets a year.

Unlike the newer outlets that focus on all toy categories, Housewares Plus sinks 3% of its sales into advertising, organizes its merchandise by manufacturer, matches any lower price, and concentrates on depth.

"When we run an ad we stock 80 to 100 of each item per store. The only time we run out is in those crazy two weeks just before Christmas," Brok said.

Display is more like a specialty store than an outlet at Housewares Plus. All goods are placed on gondolas that pile items up 9 or 10 ft. Stackouts are seldom used.

The newest toy outlet store, Toy Chest, will debut in October in Asheville, N.C. Founder Kevin Banks is a former sporting goods store manager who is patterning his 6,000-sq.-ft. store after Toys "R" Us.

"The size of the store is double that of any of the competition in this area," he explained. If all goes well he will increase selling space a year down the road.

Banks feels his concept will work because it works for Toys "R" Us and the market (with some 53,000 people) would never attract direct competition from the giant chain.

On paper, Banks' plans would result in a $21,000 profit after one year, but, after factoring in the uncontrollable costs that may come up, he expects to be in the red after one year of operation. It will probably take two years to make a profit, he conceded.

Playland Selection Runs Gamut

Playland, Valdosta, Ga., like many of the upscale toy chains, offers the best of both worlds, featuring promotional video game cartridges up front while also carrying collectible dolls, displayed in glass cases, deeper in the 3,500-sq.-ft. store. *(DSN photo)*

DISCOUNT TOY CHAIN CENSUS

Outlook: Fewer Chains, More Sales

(Continued from page 55)

Although Cole National is a leveraged buyout, where the purchasers use the assets of a company as collateral to finance the transaction, it is apparent that toy chains have become attractive additions to major retail stables.

Over the past three years, at least five toy retailers have been acquired by retail machines or larger toy merchants. In 1981, Melville Corp. acquired mall giant Kay Bee, which later gobbled up 37 mall locations of the now defunct Wickes-owned Toy World.

In 1982, the Rite-Aid drug chain bought Michigan-based Circus World, which then acquired part of the Playhouse Toy chain in Houston. Also in the same year, Greenman Bros., one of the nation's largest toy wholesalers, added Playland, a mall chain of 53 units, to its retailing operation.

Persistent rumors of the Petrie Stores acquiring toy giant Toys "R" Us have been repeatedly denied. Petrie owns 25% of TRU.

The acquisitions have resulted in mass expansions, particularly in the mall segment. Seven of *DSN*'s top 10 toy retailers are mall-situated, accounting for over a half billion dollars in sales last year.

Mall leader Kay Bee is growing from 361 units in 1983 to 516 stores by year's end. Circus World has added 50 stores in the past two years to bring its total to 190. Playland, the Greenman Bros. acquisition, is expanding out of its stronghold in the Southeast where it has 40 units, to the Northeast market, with 11 openings slated for this fall.

Rising Trend

Toy King of Orlando, Fla., and, to a lesser degree, K&K Toys, are also growing. Both of these chains are ducking the flow of competition, choosing instead to concentrate their debuts in factory outlet malls. Paying half the enclosed mall rent and stocking a large amount of closeout items, up to 40%, to keep price points sharp, the outlets have targeted shoppers looking for bargains.

Toy King, currently operating 40 Toys and Gifts Outlets, is staking its future directly upon the shoulders of the outlet mall concept. The chain has not opened a Toy King mall store in the past three years.

K&K, a mall power with 69 units, is experimenting with the outlet idea. Currently the chain has three units in North and South Carolina, but there are plans to open additional locations.

Expansion, be it in freestanding sites, factory outlets or enclosed malls, can be a risky business, as once toy giant, Lionel, can attest to. Plagued by rapid expansion, continually picking up the problems of the acquired chains, Lionel was eventually forced to declare Chapter 11.

Now, Lionel, down to 50 freestanding units, is looking at its competition for new merchandising ideas.

Hoping to jump on the baby boom bandwagon like TRU and Child World, Lionel is currently testing children's apparel in 12 of its units.

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Tabletop

(Continued from page 20)

and is stressing them "to make our upscale fashion statements."

His latest quarterly review of dinnerware pattern movements has him emphasizing sales of black- and gray-banded floral designs.

Earlier in 1984, Gemco layered on two 20-piece sets in the mid-$50 range and one at $50 to its mix, deleting patterns in the $20 and $30 ranges to make space, Pooler said.

The chain's skew toward higher tickets, along with tests of new kitchen textile adjacencies and higher department gondolas—up to 72 in. from 54 in.—have Pooler projecting comparable-store tabletop growth of 10%-15% for all of 1984.

Pooler hasn't seen similar trading up in glassware, where his mix is primarily Anchor Hocking, Libbey and Durand boxed sets and barware.

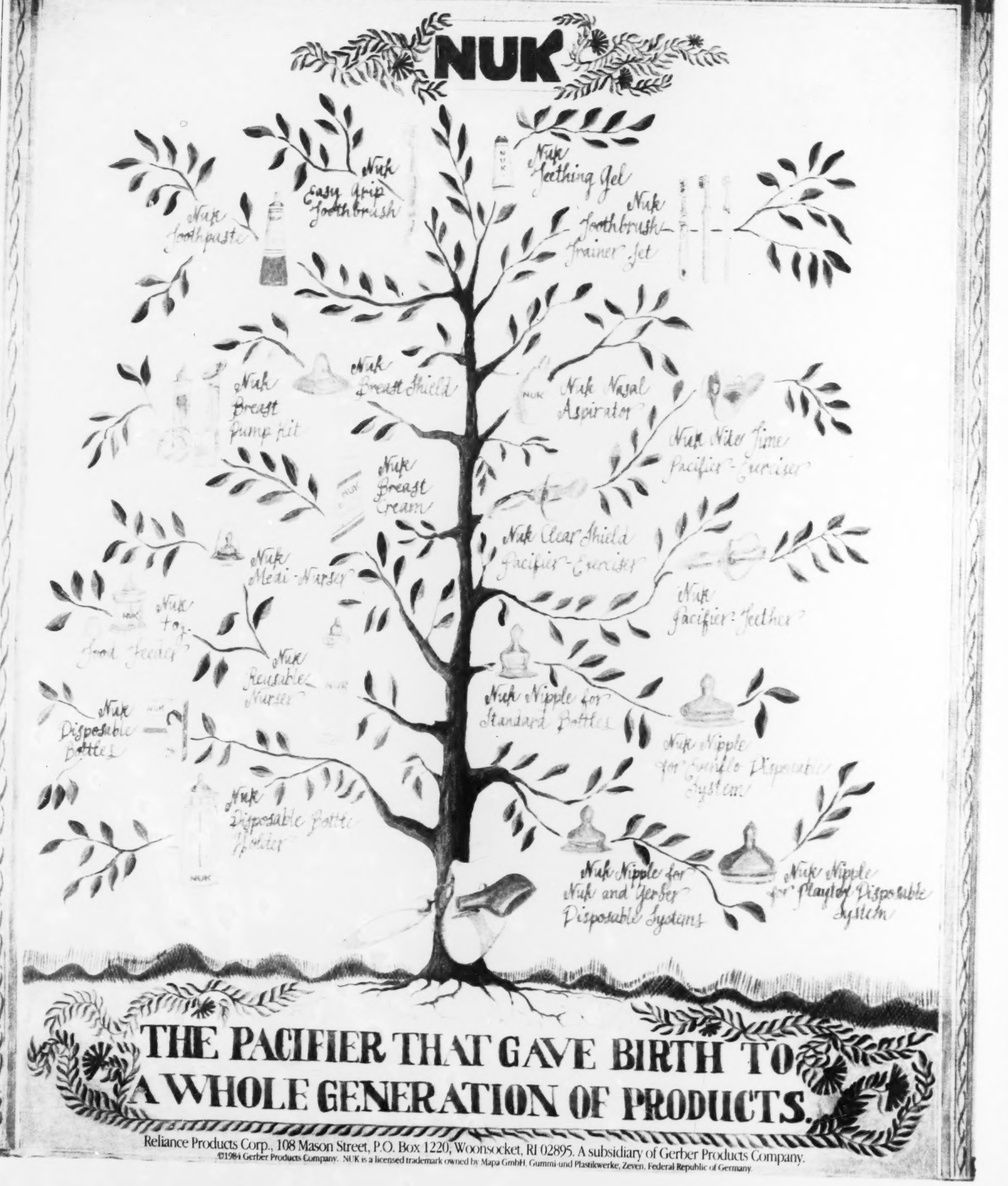
In flatware, however, he plans to work down inventory of imported 24- and 50-piece sets that start at under $10 in favor of a domestic source whose sets will retail every day at up to $40.

Taking an opposite tack, chains including T.G. & Y. and Pamida are downscaling prices to cater to their price-driven middle- to lower-middle-class consumer bases, buyers said.

T.G. & Y., for instance, will escalate its direct importing efforts to develop 20-piece stoneware sets for $19.99 everyday retail and 20-piece china sets at $29.99 to $39.99. Both are below T.G. & Y.'s current prices, which range from $24.99 to $49.99 on stoneware, and open at $49.99 on china.

To buyer Mike Poe, primary-colored Grannyware melamine—which sells daily in open stock at $1.44 per mug up to $3.99 per serving platter—is "the most exciting aspect of tabletop."

"It's not just for patio or pool," declared Poe, who promoted a 12-piece set for $15 once, and promotes open stock quarterly at 30% off. "Promotions boost volume by 50%, including volume pickups for weeks afterward when people return to fill in."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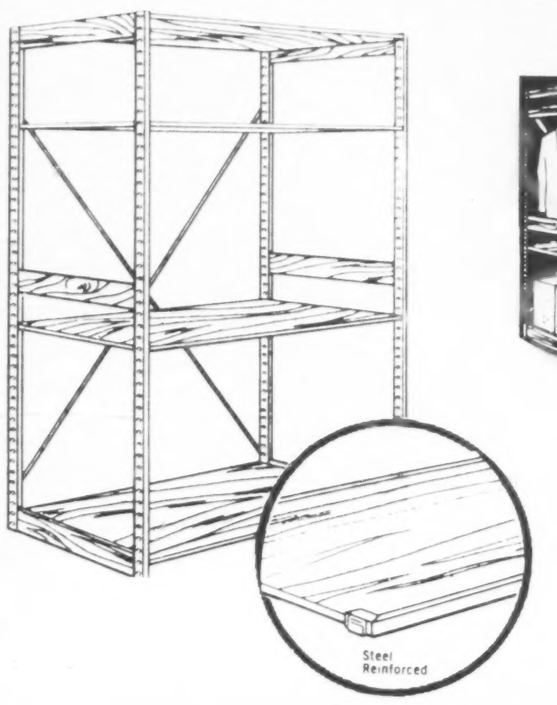

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DISCOUNT TOY CHAIN CENSUS

Toys "R" Us and Child World Shrank TV Ad Outlays in 1983

NEW YORK — Television advertising expenditures by the top two toy chains dropped last year, according to the Television Bureau of Advertising (TvB).

Product shortages that plagued the toy industry may have contributed to those reduced expenditures. Out-of-stocks and failed deliveries of hot items including Trivial Pursuit and Cabbage Patch dolls kept many chains from advertising those sure sellers

Toys "R" Us, which opened 25 stores in '83, spent $744,600 less on television advertising last year than in 1982. All told, the company spent $23,123,000 or 1.7% of sales on advertising both Toys "R" Us and Kids "R" Us in all media last year. Television spending accounted for 42% of that total ad budget.

Child World, the second largest volume producer among toy specialty retailers, spent $422,700 less on television advertising in 1983. That was part of the chain's strategy for the year, rather than a reaction to product shortages during the fourth quarter, said chain vp of marketing Jack Mueller.

Although product shortages were a minor factor, Mueller said Child World's strategy for 1983 called for a cut in television spending and an increased investment in print ads to help build consumer awareness of the chain's 11 new stores that year. Last year the chain spent $7.92 million or 2.2% of its $360 million in sales on advertising in print and broadcast media.

This year, an expanded advertising budget will allow the chain to continue its increased use of print and also re-establish a heavy push in television with institutional ads.

Lionel Leisure, which is still reorganizing to get out of Chapter 11, increased its television advertising spending by $1,478,400 during 1983. That represented a 262% rise from the previous year. In 1982 Lionel closed more than 30 stores. During 1983 the chain added three units.

Kay Bee increased its television advertising expenditure by 191% last year. The rise is tied to its aggressive expansion strategy, which put 95 additional Kay Bee stores in operation last year.

Leading Toy Chain TV Advertisers in 1983

Chain	1982	1983
Toys "R" Us	$10,528,600	$9,784,000
Cole National	3,120,000	2,677,300
Child World	1,719,000	1,612,300
Children's Palace	1,401,000	1,065,000
Lionel	909,300	2,387,700
Kiddie City	307,200	1,296,700
Playworld	602,100	1,091,000
Kay Bee	437,900	838,100

Source: Television Bureau of Advertising from Broadcast Advertisers Reports (BAR) data. Most co-op activity is credited to the manufacturer.

May Splits Stock, Asks More Shares

ST. LOUIS — May Department Stores has declared a 3-for-2 common stock split, and proposed to increase the number of authorized shares of common stock and to authorize a new class of preferred stock, all subject to stockholder approval.

Starting in December, the annual dividend rate on the new common stock, after the split, would be $1.72 per share, the equivalent of $2.58 per share on a presplit basis. This represents a 7.5% increase in the annual dividend rate from the current $2.40 per share.

The proposed charter amendment would increase the number of authorized shares of common stock from 60 million to 100 million, authorize a new class of preferred stock which could be issued upon terms and conditions determined by the board of directors, and eliminate preemptive rights.

David C. Farrell, president and ceo, said, "This action reflects our confidence in the ongoing success of our business plan and the continued growth of the May Company. As we announced to shareholders at our annual meeting June 15, May expects that 1984 will be its 10th consecutive year of record sales and earnings. Business is and continues to look excellent, and it is our intention that the shareholders continue to be the direct beneficiaries of that growth."

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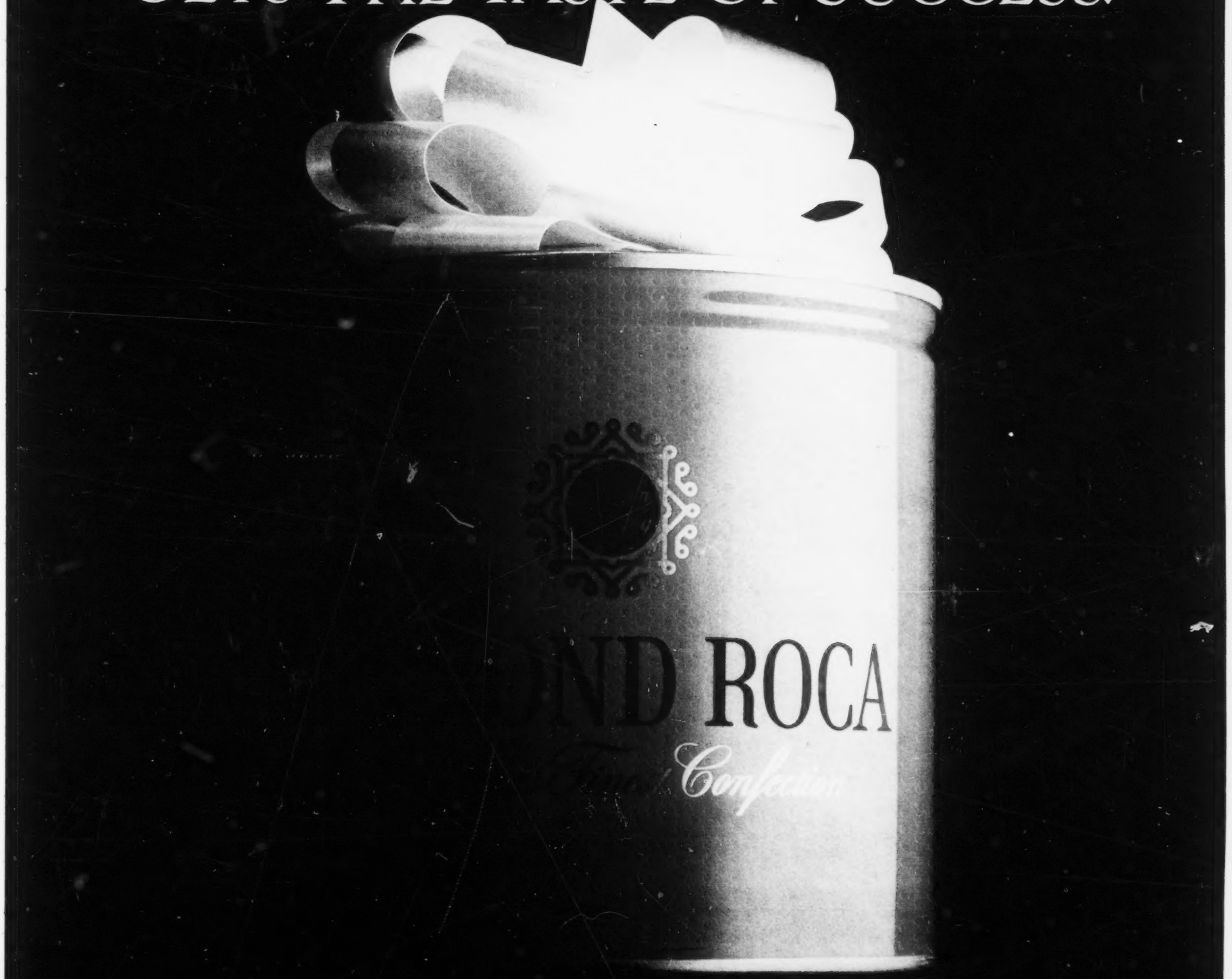

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First-Half Sales, Earnings

Company	Sales (in millions) 1984	Sales (in millions) 1983	Net Earnings (in millions) 1984	Net Earnings (in millions) 1983
K mart	$9,229.1	$8,614.0	$202.4	$162.3
Federated Dept. Stores[a]	3,395.8	3,031.6	70.8	83.6
Gold Circle/Richway	468.4	434.1	N.A.	N.A.
Dayton Hudson	3,315.8	2,839.6	67.5	58.5
Target	1,507.2	1,380.0	N.A.	N.A.
Mervyn's	885.5	685.9	N.A.	N.A.
Wal-Mart	2,744.0	1,954.0	102.6	68.9
May Dept. Stores	1,991.4	1,745.5	64.5	51.2
Venture	392.2	324.4	N.A.	N.A.
Associated Dry Goods[b]	1,747.7	1,525.5	23.4	20.8
Caldor/Loehmann's	680.6	501.6	N.A.	N.A.
Zayre Corp	1,327.1	1,091.9	23.0	15.6
Zayre Stores	924.9	791.4	39.6*	23.5*
Hit or Miss/T. J. Maxx	402.1	299.9	19.3*	19.1*
Service Merchandise	615.3	535.4	8.7	7.9
Roses	410.8	356.8	9.5	7.8
Heck's	201.6	188.6	1.9	3.1
Pic 'N' Save	99.3	87.3	14.2	12.0
Mars Stores	25.8	16.2	0.3	0.2

**Operating income. N.A.—Not available. [a]—Excludes sales of supermarkets and sales of Bullock's northern California division, which is being liquidated. [b]—Includes 1983 results of sold division, Stix, Baer & Fuller.*

Source: DSN *research.*

Wal-Mart Will Open 90 Stores In Florida Within Next 3 Years

By LARRY CARLAT

BENTONVILLE, Ark. — Florida will play a key role in Wal-Mart's expansion plans, with 90 stores due to open in the Sunshine State within the next three years.

Explosive growth in the southeastern state will be supported by the chain's seventh distribution center, due to open next year in southern Georgia. A chain spokesman wouldn't reveal the exact location "until the deal is finalized," but industry sources point to Thomasville, 30 miles from Tallahassee and already home to over 35 retailer DC's, as a likely location.

Virginia and Wisconsin will be two new entries for the 685-unit Bentonville-based chain, both logical extensions of its continuing efforts to fill the gaps in its current 19 state trading area. The chain projects 850 stores by the end of 1985.

On Wal-Mart's western fringe, the discounter will continue to solidify its 131-store presence in Texas, by moving west into, among other towns, El Paso in the fall.

Venturing further west, the chain recently bought options on land in Ruidoso, N.M. Industry observers also noted Wal-Mart has been very active in Colorado, where the chain has yet to set up shop. New Mexico and Nebraska, both bordering Colorado, have been slated for future growth.

These 685 Wal-Marts to Be 850 by '86

Legend

Figures indicate number of Wal-Mart stores in each state.

—New state entries.

—Targeted growth territory.

—Current trading area.

•—Distribution center

Source: DSN research

Overall, this growth program will make Florida Wal-Mart's second largest infiltration, after Texas, the chain's most saturated state.

The discounter will debut 20 stores in Florida this year, all within the next three months and will add another 20 in 1985, according to Tom Seay, senior vice president, real estate and construction for the chain. Seay stated Wal-Mart could have up to 100 units in operation in the state by mid-1986.

"We're looking at the east and west coasts of Florida. The whole state is wide open to us," he said.

The two most recent debuts, in Fort Myers, on the west coast, and Okeechobee, on the east coast, are the chain's deepest southern penetration of the state. Nine Wal-Mart stores

(Continued on page 57)

Chains See Sales Cooling Only a Bit

Nationwide DSN Report

Discounters see sales growth moderating in the second half—but only slightly—as consumer spending cools from 1983 levels that produced hard-to-beat record results for the chains.

Despite the slowdown, top executives at the chains remain optimistic 1984 will finish with healthy results even if it takes a more aggressive pricing and advertising posture.

"Frankly, I'm somewhat surprised at the strength of the continuing buying patterns we're seeing," said Peter Harris, president of Gemco, the southern California membership chain. "Though that explo-

(Continued on page 58)

Digest

Sept. 3, 1984

CE MAGAZINE

• **How discounters are capitalizing on the skyrocketing consumer electronics field is explored in** *CE Magazine* **(pp. 19-26). Chains examined are Child World (p. 19); The Federated Group (p. 19); Hills (p. 20); Lafayette (p. 23), and Bradlees (p. 24).**

CATALOG SHOWROOM CENSUS

• **The catalog showroom industry—contracted but financially stronger—will increase its growth rate this year with 87 new showrooms planned by the top 50 chains (p. 3).** *DSN*'s **annual census (pp. 29-42) includes special articles on the growth directions of Best Products (p. 29); Service Merchandise (p. 30); Consumers Distributing (p. 31), and H. J. Wilson (p. 35).**

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New Customs Regs Seen Killing $1B in Yule Sales

WASHINGTON — Retailers expect to lose at least $1 billion in Christmas sales if scheduled country-of-origin apparel import regulations are enforced by the U.S. Customs Service starting Sept. 7.

That projection was made at presstime by Robin Lanier, legislative representative for the National Retail Merchants Association (NRMA). Other retail associations including National Mass Retailing Institute (NMRI) and Retail Industry Trade Action Coalition (RITAC) were working to get that effective date lifted.

Discounters were convinced that their organized opposition through associations, mounting opposition by domestic and foreign trade groups, and Customs' inability to clarify the terms of the new regulation would lead to a postponement of that Sept. 7 effective date.

The new regulation is aimed to stop foreign clothing makers who have a quota in one country from shipping apparel made partly in a second foreign country to United States clients.

Even if the effective date is lifted, discounters claim the U.S. Government's long-term intent to change quota regulations is too radical for retailers to assess. The general consensus is that fewer items will be imported and consumers will pay more for apparel—even in discount stores.

"They've rattled our cages to get our attention and let us know they're serious," said Malcolm L. Sherman, president of Zayre Stores.

"They will probably lift the effective date, give us more time to respond, then institute a much more understandable law." There is no question the American consumer will pay for all this, he added.

Sources point to Customs' inability to clarify or interpret the specifics of the ruling. "One big question is whether the law applies to piece goods [unfinished] or finished goods shipped before that date," explained Lanier. "Even if goods were shipped before Sept. 7, the receiver still has to prove it."

Lanier's projected $1 billion in sales lost because of embar-

(Continued on page 58)

IN BRIEF

• **HRT INDUSTRIES, PARENT OF ZODYS DISCOUNT stores, agreed at presstime to sell all its 83 Shoe Stop store sites to Volume Shoe, for an undisclosed sum of cash, on Aug. 31.**

• **K MART AND ACTRESS JACLYN SMITH HAVE AGREED on a line of fashion wear to bear her name.**

• **A NUMBER OF ALEXANDER'S STOCKHOLDERS HAVE filed lawsuits against the discounter in an attempt to block a proposed $27.75-a-share acquisition of the retailer by a group of investors that includes Interstate Properties and the Bass family of Texas. Interstate holds 14.3% of Alexander's stock and the Bass family 13.5%. Alexander's said talks on the acquisition would continue.**

Whitlock to Crash Pittsburgh With 3 Auto Stores This Fall

WHITE PLAINS — Whitlock, nearly doubling its chain-wide expansion pace to nine units in 1984, will enter the Pittsburgh market this fall with three 18,000-20,000-sq.-ft. retail auto parts stores.

The expansion to 83 stores by year's end will help propel Whitlock's fiscal 1984 sales to more than $90 million, up from last year's $75 million level, said William J. Fox, chairman.

The Pittsburgh units, slated for three close-in suburbs, are part of Whitlock's National Auto Stores subsidiary, which is expected to be Whitlock's fastest-growing component in 1985. The new stores will bring National's roster to 26, mark its first bow outside of upstate New York markets and continue its trend toward deeply stocked "superstores" which typically carry 20,000 sku's in 12,000 sq. ft. of selling space.

Since 1981, said Fox, Whitlock has closed its poorest performing 3,000-5,000-sq.-ft. National stores, enlarged others and opened 18,000-20,000-sq.-ft. units to boost store productivity.

Although National's most re-

(Continued on page 57)

Small Catalogers Get Into Expansion Act

By ARTHUR MARKOWITZ

The catalog showroom industry's expansion isn't limited to just the big chains; 10 small operations, each of which has only one to three showrooms, and most with volume under $10 million, plan to open new stores in the last half of the year.

One small operator, John Greenan and Sons, opened its third showroom last month. Value House will unveil its fourth this month. Next month, Myers Catalog Showroom, U.S. Merchandise and Brand Distributors (Va.) will each debut their fourth store, and Richlen, J. Treisman and Brand Distributors (North Wilkesboro, N.C.) their third each.

Imperial House will relocate one of its two showrooms to a larger facility at the end of this month or in early October. Walkenhorst will move its only store this month to a higher-traffic location.

Value House is an $18 million chain, while U.S. Merchandise's volume is $12 million. The other eight each have sales under $10 million.

Common considerations cited by executives of the 10 chains in their expansion plans included tailoring the size of the new showrooms to specific market needs and holding down expenses through such means as recycling stores.

These smaller operators are able to be profitable against much larger chains because of such factors as: greater focus on jewelry, more personalized customer service that maintains shopper loyalty, and faster response to changing merchandising trends in their markets. They offer new items sooner and are quick to reduce prices as manufacturer costs go down.

Imperial House will open a larger showroom in Gainesville, Fla., to draw from the greater traffic flow that will be generated from an adjacent mall. In order to hold down rent, Myers will unveil a scaled-down store in Cockeysville, Md., in a major regional shopping center. Except for U.S. Merchandise, all the new units will be included within each chain's current advertising umbrella to hold down costs.

The specific expansion moves include John Greenan's opening of a 4,600-sq.-ft. showroom in Burtonsville, Md. The showroom is located in the Briggs Chaney Plaza strip center that has a supermarket, a drug store and a 24-hour medial center as the other key units.

The scaled-down store will display and stock all jewelry and about 40% of the top-selling nonjewelry found in the Paul Schultz Catalogs book. Goods not warehoused in the new showroom will be supplied to customers within a day from the headquarters store in Silver Springs, Md.

Value House's new 23,000-sq.-ft. Albuquerque, N.M., showroom will be located in that city's fast-growing northwest

(Continued on page 30)

Leading Catalogers Speed Up Growth

Sales Rank	Chain (Hq. and Coordinator)	Showroom $ Sales* (millions) Last Completed Fiscal Year	Showroom $ Sales* (millions) Previous Completed Fiscal Year	$ Net Profit (millions) Last Completed Fiscal Year	$ Net Profit (millions) Previous Completed Fiscal Year	Showrooms As of January 1984	Showrooms As of December 1984	Showrooms Openings Projected 1985
1	Best Products (Va.)‡[b] (Independent)	2,081.3	1,581.7	37.1	28.8	196	204	10
2	Service Merchandise (Tenn.)‡ (Independent)	1,458.1	1,195.3	44.9	31.6	158	175	20
3	H. J. Wilson (La.)‡ (Independent)	514.4	458.2	8.8	5.6	79	79	0
4	Consumers Distributing (N.J.)‡[c] (Independent)	369.7	309.0	(0.5)*	3.8*	134	171	25
5	Carlson Cos. (Iowa) (Creative)	279.0	306.0	N.A.	N.A.	62	67	5
6	L. Luria & Son (Fla.)‡ (Independent)	145.2	123.8	7.0	5.6	30	35	4
7	Gordon Jewelry (Tex.)‡ (Independent)	141.7	142.2	14.9*	16.3*	49	57	5
8	W. Bell (Md.) (Independent)	138.0	125.4	N.A.	2.7	18	18	3
9	Jewelcor (Pa.)‡[d] (Jewelcor)	121.2	120.7	7.5*	6.7*	24	25	1
10	McDade (Ill.) (MAI)	105.0	100.0	N.A.	N.A.	7	8	0

(Continued on page 29)

Top 50 Operators to Open 87 New Showrooms in '84

Nationwide DSN Report

A contracted but financially stronger catalog showroom industry will speed up its growth this year, with the top 50 chains poised to open 87 showrooms.

Most of the new-store growth will occur among the top 20 chains, which are scheduled to unveil 78 new showrooms this year, compared to the 54 they opened in 1983.

The 50 leading catalogers project 101 new showrooms in 1985, with the top 20 due to open 85.

The dominant position that the top 20 hold in the showroom industry is also evident on the volume side, with those catalogers accounting for $5.9418 billion or 75% of the total industry's volume of $7.9 billion.

The showroom industry's growth this year reflects both the improved national economy and a fine-tuning of merchandising to place greater emphasis on such higher-margin categories as jewelry and giftware.

At the same time, a growing number of catalogers have selectively gone after traffic-building merchandise areas like domestics, computers and—in a small but growing number of cases—apparel.

Apparel, in fact, could be-

(Continued on page 29)

Inspired by Success With Antifreeze

More Early-Season Chemical Promos Are Scheduled by Some Auto Buyers

Nationwide DSN Report

Some automotive buyers are attempting to get out of the weather forecasting business.

They will begin promoting their winter chemicals earlier in the season in an effort to drive "planned purchases" by consumers, removing some of the category's weather dependency. That charge is being led by their success over the last several years in making antifreeze more of a year-round business —peaking in deep summer and the dead of winter, but heavily promoted in spring and fall.

When the chains launch their antifreeze promotions this fall —beginning this month—some ad space will be shared with windshield solvents, dry gas, spray de-icer and starting fluid. Beginning promotions for those items have historically waited for late October or November.

"You can't create the weather, and this business will always be influenced by how severe it gets," said Dave Hart, chemicals buyer for Guarantee Auto. "But, we're trying to get as many early purchases as possible so that if it's a mild winter, we're not stuck with inventory."

See related story, p. 45.

The full line of winter chemicals will be included in all of the 55-store Indiana specialty chain's weekly ROP newspaper slots beginning at the end of September. Additionally, they'll be included in the chain's monthly tabs running from now until the season ends in February.

Chemicals are the leading auto department merchandise category, according to the APAA. Richway's Snellville, Ga., store gives the area more than a 16-ft.-long gondola run in its auto department.

Winter chemicals will also be featured on at least one front tab page in September, October or November, Hart said.

That ad strategy should also enhance the chain's own buying practices for winter chemicals. Rather than projecting increases or decreases on the basis of weather-related guesswork, Hart uses the previous year's unit sales as a base for current ordering. Sixty per cent of the prior year's total is initially ordered for September, with one or more midseason orders placed on the basis of actual sales and developments in the weather.

Hart said that through a combination of direct buys and use of distributors, the chain can replenish its shelves within 10-18 days of placing an order.

The early push into the full line of winter chemicals should also help margins somewhat, Hart indicated. While margins on the highly promotional antifreeze remain stuck in a range of 5%-15%, profits on the other items go as high as 25% on ad. He expects the category to produce 20% margins overall.

Heck's, whose stores extend from Ohio and Pennsylvania south to North Carolina, will use a similar strategy, according to buyer Dick Robinson. Twice-monthly ads will begin this month in the chain's newspaper tabs; though antifreeze will continue to dominate the space in the early period, some items, such as windshield washer or dry gas will be included. The nonradiator chemicals, however, will slowly increase their space allocations until the

(Continued on page 50)

New Fashion Image Promoted by Danners

INDIANAPOLIS — Danners is changing its image.

The regional discounter based here is using a revamped fashion push in advertising and in its apparel assortment as ammunition against the expanding Wal-Mart chain. Wal-Mart is expected to open in at least one of Danners' markets before Christmas.

The back-to-school circular (above) illustrates the new emphasis on fashion at Danners. The first two pages are devoted to novelty looks in juniors' and misses' tops plus underwear.

This year the chain has traded the newsprint it used to use for some of its circulars for glossy paper. Likewise, the chain has dropped its use of line art in favor of four-color photos of products from every category.

The BTS circular also highlighted Spalding activewear for girls, Wilson coordinates for boys and Runner-up apparel for men. Nike shoes for men and women as well as hard lines items from electronics and furniture were also featured.

The new look in ads was part of the chain's response to a report filed last year by Danners' in-house task force assigned to evaluate the chain's strengths and those of Wal-Mart. At that time the two Wal-Mart stores in Illinois and one in Indiana started Danners' execs preparing for direct competition with the No. 2 discounter.

A spokesman for Danners said the task force's findings prompted the chain to track down new resources for apparel and design a new prototype store—which debuted this summer in Owosso, Mich.

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CATALOG SHOWROOM CENSUS

Apparel Invasion Grows

A growing number of catalogers are turning to apparel to draw shoppers. Among the pioneers in this trend is David Weis, which spots clothing across from jewelry in Monaca, Pa.

8 New Bests to Include 1st 2 Milwaukee Stores

RICHMOND — Best Products will invade Milwaukee for the first time with two showrooms this fall as part of a package of eight new units that will boost its store count to 204, the most of any cataloger.

The expansion denotes the commitment of Best's new executive team to the company's core showroom business, while they also act to diversify the $2 billion into other retailing areas.

The company's new leadership team is headed by Andrew Lewis as board chairman and chief executive officer, with Robert E. R. Huntley as president and chief operating officer.

The showroom operation is now part of the Best retailing group, which also comprises Ashby's ladies' apparel specialty stores and Best Jewelry—its two diversification moves.

Heading the combined retailing operation is Bernard Cohen, with Robert A. Rubinoff as senior vice president-merchandising and Linwood A. (Chip) Lacy as senior vp-marketing.

Best's commitment to expand its showroom business is illustrated by the move into Wisconsin, its 28th state, in November, with the opening of a 52,000-sq.-ft. store in North Milwaukee and a 45,000-sq.-ft. unit in the Brookfield suburb of Milwaukee.

Wisconsin is a relative untapped field for catalogers, without units from any major showroom chain. Six small local operators have a total of eight stores.

Robert E. R. Huntley
president,
Best Products

The cataloger opted to use the Best logo in Wisconsin as it is the largest showroom chain run by the company, and the two stores will be part of Best's Great Lakes region. The other possible logo was LaBelle's, the name of the Best-owned chain in neighboring Minnesota.

Best will print a special edition of its catalog for Wisconsin which won't include reference prices. The state has laws prohibiting comparative pricing.

Even though the LaBelle's logo didn't have an identity in the Milwaukee market, Best is continuing to expand this chain, its second-largest operating

(Continued on page 41)

50 Top Catalogers' Highlights

(Continued from page 3)

Sales Rank	Chain (Hq. and Coordinator)	Showroom $ Sales[a] (millions) Last Completed Fiscal Year	Showroom $ Sales[a] (millions) Previous Completed Fiscal Year	$ Net Profit (millions) Last Completed Fiscal Year	$ Net Profit (millions) Previous Completed Fiscal Year	Showrooms As of January 1984	Showrooms As of December 1984	Showrooms Openings Projected 1985
11	Brendles (N.C.) (MAI)	80.0	75.0	N.A.	N.A.	19	21	2
12	Sterling Jewelry (Tex.) (Paul Schultz)	78.0	75.0	N.A.	N.A.	5	5	0
13	David Weis (Pa.) (MAI)	75.0	70.0	N.A.	N.A.	11	11	2
14	Ellmans (Ga.)‡ (Independent)	74.5	69.1	1.8	0.9	7	8	1
15	K's Merchandise (Mt.) (Paul Schultz)	70.0	65.0	N.A.	N.A.	7	8	1
16	O. G. Wilson (Tex.)‡ (Independent)	47.9	62.0	N.A.	N.A.	15	17	2
17	E. H. Tepe (Ind.) (Creative)	47.0	45.0	N.A.	N.A.	9	9	1
18	Dahlkemper's (Pa.) (Paul Schultz)	40.0	37.0	N.A.	N.A.	7	7	1
19	Evans (Ind.) (MAI)	40.0	34.0	N.A.	N.A.	4	5	1
20	Fred P. Gattas (Tenn.) (MAI)	36.0	32.0	N.A.	N.A.	6	6	1
21	Alexander's (S.C.) (Charter)	30.0	28.0	N.A.	N.A.	5	6	1
22	Present Co. (N.Y.)‡ (MAI)	30.8	22.6	0.4	0.3	11	14	1
23	Roberts (Ga.) (Charter)	30.0	28.0	N.A.	N.A.	6	6	1
24	Boardman Ltd. (N.Y.) (Independent)	26.0	25.0	N.A.	N.A.	13	13	0
25	Towers (N.J.) (Paul Schultz)	26.0	24.0	N.A.	N.A.	3	4	0
26	Wilcor (Fla.) (MAI)	26.0	25.0	N.A.	N.A.	4	5	1
27	A. J. Fuscos (Mich.) (American)	25.0	22.0	N.A.	N.A.	6	6	0
28	Key Distributing (Ga.) (Paul Schultz)	25.0	24.0	N.A.	N.A.	8	8	2
29	R & R Jewelry (American)	25.0	25.0	N.A.	N.A.	7	7	1
30	Witmark (MAI)	24.0	22.0	N.A.	N.A.	6	8	2
31	Jason Mart (Ohio) (Paul Schultz)	23.0	22.5	N.A.	N.A.	4	4	0
32	Arthur's (N.J.) (MAI)	22.0	20.0	N.A.	N.A.	5	5	1
33	Herman (Calif.) (Independent)	20.0	18.0	N.A.	N.A.	11	11	1
34	Segall & Sons (Ga.) (American)	20.0	17.5	N.A.	N.A.	5	6	1
35	Value House (N.H.) (Paul Schultz)	18.0	16.0	N.A.	N.A.	3	3	1
36	Save-Rite (R.I.) (MAI)	17.0	16.0	N.A.	N.A.	4	4	0
37	Max Freedman (Pa.) (Charter)	16.0	15.0	N.A.	N.A.	3	3	0
38	Wilbro (Ala.) (Charter)	16.0	15.0	N.A.	N.A.	5	5	0
39	Grand Bazaar (N.Y.) (Independent)	15.0	15.0	N.A.	N.A.	14	13	0
40	Rosenbaum's (N.Y.) (Paul Schultz)	15.0	14.0	N.A.	N.A.	4	4	0
41	Diamond Distributing (Ala.) (Paul Schultz)	15.0	N.A.	N.A.	N.A.	2	2	0
42	Masters Merchandise Mart (Fla.)‡ (Jewelcor)	14.0	25.2	(2.3)	(1.4)	22	14	0
43	Sentinel Catalog (Texas) (Paul Schultz)	14.0	13.0	N.A.	N.A.	3	2	0
44	Paysaver (Mass.)‡ (Jewelcor)	14.0	13.1	0.1	0.04	5	5	1
45	Value 2 (N.J.) (Paul Schultz)	13.0	12.0	N.A.	N.A.	3	3	1
46	Top Brands (Mo.) (Paul Schultz)	12.0	11.0	N.A.	N.A.	3	3	0
47	S.S. Merchandise (Ohio) (Charter)	12.0	11.0	N.A.	N.A.	3	3	0
48	Volume Merchandise (Calif.) (American)	12.0	11.0	N.A.	N.A.	4	4	0
49	Jacobson Factory (Ga.) (Paul Schultz)	11.0	10.0	N.A.	N.A.	3	3	1
50	Miron (N.Y.) (Charter)	11.0	10.0	N.A.	N.A.	3	3	0

*Operating Income. N.A. Not available. ‡Publicly held company. ( ) Loss. [a]Chain volume estimated by DSN for all privately held companies. [b]Includes partial-year volume from acquisition of Basco and Modern Merchandising in 1982. [c]In Canadian dollars, U.S. showrooms results only. [d]Sales are for Jewelcor and Edison showrooms; operating income represents combined showrooms and Jewelcor Merchandising coordinator results.

Source: DSN research

50 Biggest Chains Speed Growth, Project 87 Openings in 1984

(Continued from page 3)

come a major growth area for catalogers. David Weis, E. H. Tepe and some showrooms operated by the Carlson Cos. conglomerate already merchandise clothing, and H. J. Wilson, the industry's No. 3 chain, is set to test this area in eight stores.

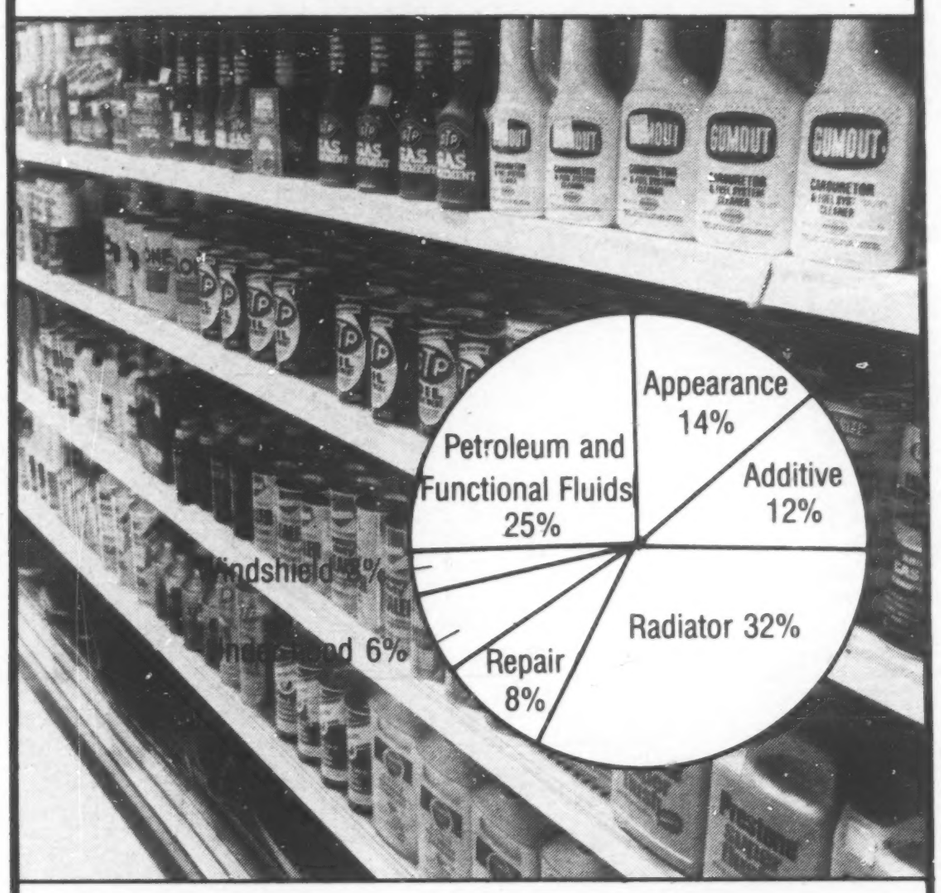
Even small operators are eying apparel, with one-showroom Fleming & Son due to add jeans to its Tupelo, Miss., unit this fall.

The probes into soft goods indicated a recognition among catalogers that future growth will have to come from merchandise areas that showroom chains had eschewed in the past because they didn't lend themselves to the industry's basic merchandising system: showing items in a catalog that could be purchased by consumers without any concern about whether the size, color or fashion was right.

Soft goods are now seen as drawing shoppers in all year long, rather than have traffic so heavily skewed to the holiday fourth quarter, so that showrooms' volume will be enhanced. The additional traffic is also expected to boost sales of hard goods due to the greater number of consumers visiting stores.

The industry's two giant chains, Best Products and Service Merchandise, are looking to boost corporate volume another way: diversification.

Best has been expanding Ashby's, an apparel chain, and plans to do the same with Best Jewelers; Service Merchandise plans a major roll-out of Home-Owners Warehouse, a warehouse home center chain, along with much more limited expansion for The Computer Shoppe, The Lingerie Store and Zimm's jewelry/giftware chain.



Auto Chemicals' Wholesale Biz Seen Soaring to $2.4B in 1987

FAIRFIELD, N.J.—The wholesale value of automotive chemical sales through retail outlets will burst ahead 50% to $2.4 billion in 1987, up from their 1982 total of $1.6 billion, projected a recent study by the consulting firm C. H. Kline & Co.

Auto supply stores account for an estimated 20% of category volume, and discounters and department stores another 45%, it estimated.

Kline said driving forces behind chemical sales growth will be increasing do-it-yourself activity, and aging cars on the nation's roads.

Benefiting from these trends, sales of vinyl protectants, tire sealants, touch-up paints, adhesives and sealants are forecast to grow more than 100% by 1987, the firm said.

Other anticipated growth leaders cited by the study include gasoline and diesel fuel additives, penetrating spray lubricants, and filling and patching compounds.

The market remains dominated by radiator antifreeze and automatic transmission fluid, which together account for more than 40% of total sales. Radiator products as a group generate more than 30% of chemical volume, Kline said, roughly $496 million at wholesale in 1982 and a projected $713 million by 1987.

Within this group, flushes and sealers are expected to surge as antifreeze growth flattens because of today's greater number of small cars equipped with small radiators. Approximately 25% of antifreeze is sold under private label, Kline said.

Appearance products' wholesale sales should grow to $394 million in 1987 from 1982's $225 million level. Within this category, demand for waxes and polishes should shift toward midpriced premiums and basics between now and 1987, said Kline, citing limited potential of convenience spray and superpremium products.

Vinyl protectants' sales are starting to mature after experiencing a 30% rise during the past five years, Kline added, and should find its growth in household applications.

Gas additives, particularly for diesel fuels, will be a leading growth segment because of higher perceived consumer need and better manufacturer packaging, Kline said. Yet, oil additives will suffer because of improvements in motor oil quality, it added. Additives overall should balloon up to $283 million in 1987 from 1982's $184 million level, Kline said.

Performance of repair products, such as touch-up paint and tire sealants, will benefit from improved technology, better packaging and higher prices, said Kline. These trends will contribute to a near doubling of wholesale volume to $250 million in 1987 from $128 million in 1982, according to Kline.

Places Bets

Under-hood products, which are characterized by heavy private label efforts on carburetor and choke cleaners, degreasers and starting fluids, will grow to $146 million in 1987 from $92 million in 1982, Kline predicted.

Performance of petroleum products and functional fluids, including penetrating sprays and automatic transmission, brake and power steering fluids, remains closely tied to weather conditions yet is projected to show a 46% boost to $567 million in 1987, compared with 1982's $389 million, Kline said.

Windshield products, which are largely private label and distributed regionally, should remain the smallest segment of automotive chemicals. Kline projected its 1987 volume at $62 million compared with $42 million in 1982.

Scholarship Dinner Is Set For Oct. 8

CHICAGO — The annual Jerry Warner Scholarship Dinner will be held Oct. 8 at the Ambassador West Hotel here.

Proceeds are used to help a catalog showroom industry member send a child or grandchild to college.

The dinner, which will be held on the eve of the fall Housewares Show, will be preceded by a meeting of the National Association of Catalog/Showroom Merchandisers' steering committee.

Dinner tickets cost $100 each and can be obtained from: Jerry Warner Scholarship, Suite 900A, 276 Fifth Ave., New York, N.Y. 10001; phone: 212-686-9315.

Carlson Promotes Gage to President

MINNEAPOLIS — Carlson Cos., parent of Ardan's (and Yale's) showroom chains, has promoted Edwin (Skip) Gage to president, succeeding Curt Carlson, company founder, who continues as board chairman.

Gage had been executive vice president.

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Chains Are Bullish Following Big First Half

(Continued from page 1)

sion of spending we saw last year has mellowed, I still see some positive signs it will continue at a healthy rate through the election and the end of the year."

Gemco recorded a 13.5% sales increase during the first half, bringing its volume to nearly $1.1 billion for the period. Comparable-store sales were slightly higher, however, because of the effect of the chain's closing of six Texas stores late last year. Two new prototype stores are scheduled to open this fall in southern California.

Overall, first-half sales continued to yield double-digit results for most discounters and retailers with major discount arms, mostly on the strength of the fiscal year's first five months.

Another Consideration

But, those strides slowed noticeably in July. For example, first-half leader Ames, which scored a 48% sales jump over the first six months to $357.5 million, dropped to a still healthy 22% increase for the month.

More dramatic was the relative slowdown at the Caldor/Loehmann's division of Associated Dry Goods (ADG), which posted a 6.1% July sales increase against 35.3% for the full first half. And, Best Products struggled with a 1.7% July sales gain in contrast to its 12.5% increase for the half, bringing its volume to $856.9 million.

"There's no question that overall retail sales are slowing," said Ames' president Gerald Kanter. "We'll see the results of that, particularly as the King's stores we acquired last year reach their first anniversary. But, I still believe we'll record at least $800 million in sales this year and probably well in excess of that."

Although he believes sales will continue at a "good pace," Kanter said they'll probably come in well below the 22% store-for-store increase recorded in the first half. Profits will sharply outpace sales, he said.

Kanter said he expects second-half sales to be driven primarily with toys, apparel and consumer electronics items. In apparel, he cited "corrective" action that's been taken in men's and boys' wear, with improvements in pricing, stock levels, brand name and fashion emphasis. Women's apparel will continue strongly, he said.

While other chains marked the same merchandise categories for growth, many said hard-driving advertising would have to do the selling.

Murphy's Mart found it "difficult to evaluate the consumer's mind" during the first half, and in an effort to do so, increased the number of items shown in its tabs by 15%, according to Charles Lytle, president. The chain will continue that stance through the second half, complementing it with a new round of radio and television advertising, airing throughout the third and fourth quarters.

Murphy's Mart's sales increased 8.7% to $286.3 million in the first half.

Although Lytle saw the consumer spending belt tightening more in the second half, the chain's stores are still being replenished at 100% of their requested levels, he said. During the 1981-82 economic slowdown the chain decreased those levels by 15%-20%.

Improved advertising will also be sought by Jamesway, where the chain is converting to a higher quality roto format, according to president Arlie Lazarus. But, Jamesway will not increase its current ad levels be[illegible]d its monthly tabs and fringe-time television buys.

Lazarus said he expects to emphasize higher-margin merchandise in the advertising and stores, particularly in children's and infants' wear and home textiles. The chain will actively begin limiting space given over to low-margin items, such as consumables and cosmetics, he said.

"We simply haven't seen any slowdown hitting us," Lazarus said. "And, with two extra shopping days during the Christmas season, I see the potential for a very strong fourth quarter."

Jamesway's sales increased 12.9% for the half to $201.9 million. Lazarus said he's sticking with his original estimate of a better than 15% sales gain for the full year.

Zayre Stores president Malcolm L. Sherman believes a sudden and sustained downturn is unlikely, though his outlook was somewhat qualified.

"We've seen no indications of a slowdown through the early part of August," he said. "If our comparable-store sales continue as I believe they will, we should see steady gains through Thanksgiving."

At that point the stores will go up against last year's 27% sales gain in the Christmas period. Overall, Zayre stores' sales increased 16.9% for the first half, to $924.9 million, with operating profits jumping 68.4% to $39.6 million. Sherman maintained that sales and profits into the third quarter were remaining "on plan."

More Figures Analyzed

Other chains' results included:

- K mart, whose sales increased 7.1% while posting record net profits at 24.7% to $202.4 million. For the second quarter, gross margins improved to 28.8% from 27.5% during the same period a year earlier. But, sales, general and administrative costs also increased—to 23.7% of sales from 23% during 1983's second quarter.
- Toys "R" Us increased sales 36.7% to $540.9 million for the half. Computers and video games declined from 18% to 12% of total sales for the period.
- Bradlees' sales for the second half increased 31% to $583 million, with same-store sales up 11% for the period. The company warned that the rate would be more modest in the second half because of the maturation of its 11 Washington, D.C., stores opened last August. The chain predicted sales gains would be strongest in domestics, toys and children's apparel.

New Customs Regulations Seen Costly

(Continued from page 1)

goed goods was based on research submitted by 10 of the 25 companies involved in NRMA's research committee. Those 10 companies represent $26 billion or 5% of the nation's general merchandise retail volume, she added.

At presstime the 10 companies had documented a total of $100 million in apparel imports from real orders placed in 21 countries which would probably be embargoed under the new rule.

NRMA's Lanier said the preliminary results from information being gathered for reports to Commerce Secretary Malcolm Baldridge and United States trade representative William Brock showed discounters in the best position for the remainder of the year. Many discount chains order earlier and use more vertical sources than do department stores.

Executives from some chains including Gold Circle said they did not expect to get hurt if the Sept. 7 date stands, for two reasons: (1) earlier buying and receiving this year than in the past, and (2) the fact that most discount chains don't use the higher-priced Hong Kong manufacturers commonly known to contract work out to other countries.

On the other hand, NRMA's Lanier said retailers were reporting goods shipped from countries including Korea, Taiwan, Portugal, Singapore, Guam, El Salvador and Panama could be affected by the new rule.

Zayre is one discount chain that would lose sales if the Sept. 7 effective date stands. "We were not smart enough to take all our shipments for the year before Sept. 7," said Sherman. "We can't tell how much we could get hurt because the regulations haven't yet been explained or understood."

Meanwhile, discounters could be hit with additional duties on apparel goods imported from 13 countries as early as Oct. 15, if countervailing charges placed by the domestic textile and apparel industry are found to be true.

The countries in which makers are charged with receiving subsidies from their governments include—Argentina, Thailand, Turkey, Colombia, Indonesia, Malaysia, Mexico, Panama, Peru, Philippines, Portugal, Singapore and Sri Lanka.

Washington industry watchers report the duties could be up to 50% of the value of imported goods. Those sources also say domestic apparel and textile trade groups plan to use the countervailing charges as a political lever—later agreeing to drop their charges if regulations are passed that the groups favor.

Gothelf

Kanners

Elkin

Kingsway Appoints 3 Top Executives

DETROIT — Kingsway has hired three executives—two of them from the discount field—to fill three top positions.

Seymour (Sy) Gothelf was named vice president/merchandising, responsible for all the merchandising of the four-store chain. A retailing consultant, he had held senior management positions with Daylin and Arlans.

Earle V. Kanners was designated vp/controller and will be the discounter's chief financial officer. He had been vp and treasurer of Alberts.

Arthur L. Elkin was appointed director of human resources, responsible for the discounter's personnel administration, organization and development. He had been director of corporate personnel for Cook United.

Mandart Leaves H. J. Wilson

(Continued from page 2)

1980 to $402.9 million the next year, a 35.3% jump, as 19 stores were opened. They rose 13.7% to $458.2 million in 1982 as five new showrooms came onstream. Four new stores last year helped send volume up 12.3% to $514.4 million.

Mandart had been with Wilson for 10 years. His basic strength is in the financial area. He joined the cataloger as executive vice president and became president and coo in 1977.

Wilson strengthened its merchandising administration two months ago by naming Chuck Huber senior vp-merchandising/hard lines division (see *DSN*, July 23, p. 1). He had been vp-merchandising for Modern Merchandising and then head of Century House (and its subsequent transformation into Shopper's Choice, a closeout specialty retailer).

Earlier this year, Wilson named Steve Katkins as senior vp-apparel merchandising. He had been senior vp-merchandise manager of J. Brannam.

Both Huber and Katkins report to Raymond Mufson, executive vp-merchandising. Mufson had been a top executive at Jefferson Ward before joining the cataloger in 1981.

Crown Auto Opens 2nd Fargo Store

MINNEAPOLIS — Crown Auto opened its second store in Fargo with a ribbon-cutting ceremony presided over by executive vp Arvin D. Adelman, district manager Roger Doyen, store manager Chuck Brasel and assistant manager Larry Eberhardt.

Included in the festivities, held for three days at both Fargo stores, were a tethered hot-air balloon ride operated by the Nokomis Child Care Center, refreshments served by the Fargo Youth Commission for the benefit of United Way, and a grand opening prize drawing.

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SEPTEMBER 17, 1984

IN BRIEF

• **DISCOUNTERS WERE CALIFORNIA-BOUND AT PRESS-TIME** for this fall's Men's Apparel Guild in California (MAGIC) show in Los Angeles. They were expecting to see more toned-down versions of the video-inspired young men's looks, such as the Michael Jackson one (above) carried in Bradlees this season. For the East Coast Bradlees and Midwest Target chains' approach to men's wear, see pp. 11-12 in this issue's apparel section.

• **ALLIED DEPARTMENT STORES, A SAVANNAH, GA.-based** chain of 82 junior department stores, has purchased the 18-unit full-line discounter West Brothers, DeRidder, La., for $2 million in cash. Allied will convert the West stores to its apparel-only format under the Allied logo.

Seattle shoppers are quickly learning to buy everything from Dom Perignon to cornflakes at wholesale warehouse operations like Costco (above) and Price Savers. Other photos, pp. 14, 78. *(DSN photo)*

Discounters Snowballing In the Pacific Northwest

SEATTLE — Discounting is coming to the Pacific Northwest . . . in force.

While the 175-mile Portland/Seattle corridor hasn't been devoid of discounters until now, a burst of market entries shows that discounters, particularly off-price and specialty operators, have trained their sights on the Rose and Emerald Cities.

Compared to comparably sized markets elsewhere in the country, many retailers here agree the area has been remarkably under-discount-stored despite the dominant presence of such locally based chains as Fred Meyer, Bi-Mart, G.I. Joe's, Pay Less Drugs, and Pay 'n Save.

But, one market battle heating up between two wholesale warehouse membership chains Costco Wholesale and Price Savers—among the first such single-market competitions in the country—has retailers wondering just how much the market will bear.

In recent weeks, San Francisco-based Ross Stores has unwrapped four of its "dress for less" units in Seattle, one in each quadrant of the city, bringing that two-year-old chain's total store count to 48, with 15 to 18 more units still due to open this year, according to Donald E. Rowlett, president.

Marshalls, which opened its first store here this spring, is set to open two more before the end of the year.

Mervyn's, too, is eying this city of two million people. The family fashion specialist, with three stores already in place in the southern reaches of the Puget Sound area, plans to open three more units in Seattle before Christmas. Among others, the move will put the California-based chain in direct competition with Lamont's, Pay 'n

(Continued on page 78)

Household Merchandising's Brennan:

T.G. & Y. Turnaround 'Difficult, Achievable'

CHICAGO — Bernard F. Brennan, 46, left Montgomery Ward where he was executive vp, retail, last fall to become president and ceo of Household Merchandising, the $5.3 billion wholesale/retail arm of Household International, and parent of T.G. & Y.

His move signalled the beginning of the second turnaround effort launched at the $2 billion Oklahoma City-based discounter in as many years.

Brennan, a 12-year Sears veteran, has been in this spot before, having helped lead turnaround efforts at Montgomery Ward and Sav-A-Stop, the giant service merchandiser.

Recently, Brennan met with DSN *editor Iris Rosenberg to discuss the latest developments at T.G. & Y.*

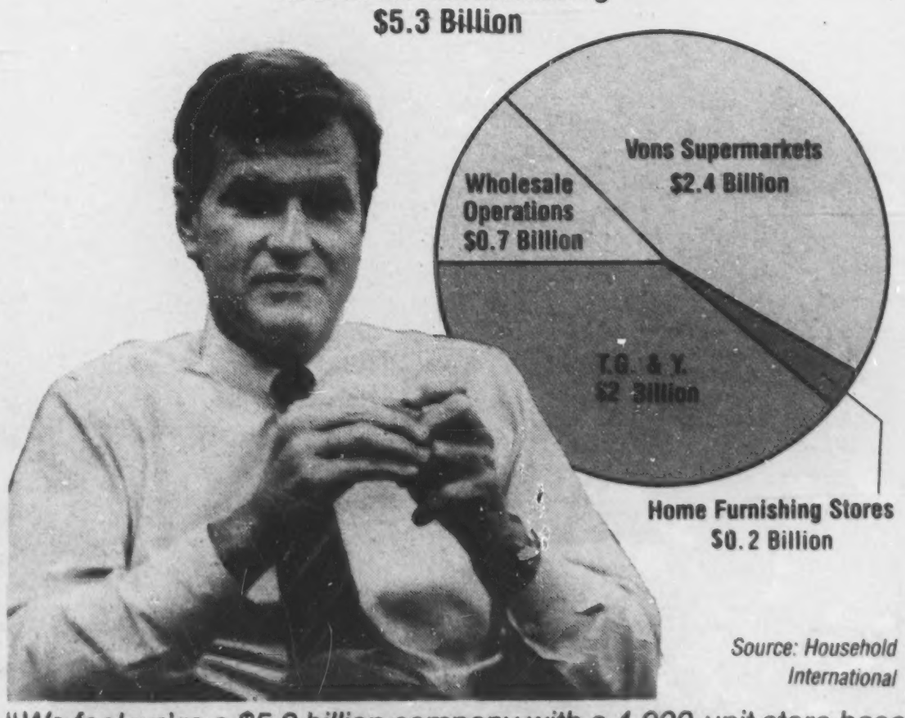
DSN: How would you characterize what's going on at T.G. & Y. today?

Brennan: We categorize this as a progressive turnaround. We're doing things on a logical pragmatic basis, introducing new lines as we move the old lines out of the system.

DSN: Is it a progressive turnaround by virtue of the work started by Del Santo and that group of executives, or did it begin last fall?

Brennan: I would have to say last fall because I can't really speak too much on what was done previously. There was some systems planning that was done (prior to last fall) primarily in the POS area, including some capital purchasing and planning. But, I would have

(Continued on page 77)



"We feel we're a $5.3 billion company with a 4,000-unit store base that hasn't taken advantage of our leverage."—Bernard F. Brennan, president and ceo, Household Merchandising.

Digest

Sept. 17, 1984

LAWN & GARDEN

• **Four hot categories are expected** to continue sparking lawn & garden sales in 1985, said buyers interviewed for a special Lawn & Garden Supplement (pp. 41-48).

SPORTING GOODS

• ***DSN*'s annual census of** sporting goods specialty discounters finds they will reach the $1 billion sales level this year (pp. 2, 18-23).

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Specialty Sporting Goods Chains Approaching $1B in Sales

Chain and Headquarters	Fiscal 1983 Sales (Millions)	Number of Units			Avg. Store Size (Sq. Ft.)
		1/83	1/84	1/85	
Oshman's (Tex.)	$283	177	186	205	15,000
Big Five (Calif.)	150*	64	70	N.A.	10,000
Sunset Sports (Utah)	100	36	38	40	20,000
Sportmart (Ill.)	90*	8	8	11	40,000
Dave Cook (Colo.)	50*	15	17	N.A.	19,000
Gart Bros. (Colo.)	45*	12	13	14	15,000
Michigan S.G. (Mich.)	33*	14	16	16	12,500
Academy (Tex.)	31*	15	17	20	14,500
Irving Sports (Va.)	16	18	17	18	3,000
Brendamour's (Ohio)	15	18	18	18	4,500

*DSN estimate N.A.—Not available Source: DSN Research

Sporting Goods Chains Eye $1B

Nationwide DSN Report

Sporting goods specialty discounters will, for the first time, reach the $1 billion sales plateau this year.

The specialty retailer segment will account for 20% of the $5-billion-plus business as chains mature, becoming more moderate in expansion plans and concentrating on internal improvements of retail operations.

Related stories, pp. 18, 23.

Of the top 10 *DSN* sporting goods chains, only Oshman's, the industry leader with 186 units, will add more than three units this year. With the largest territorial coverage, spanning coast to coast, Oshman's will add 13 new stores in 1984, bringing it close to the 200-unit mark.

However, apart from giant Oshman's, the nature of the sporting goods chains is decidedly regional with growth in one's own backyard at best. In fact, there is no real national discount chain.

Even Oshman's, in 12 Sunbelt states and Hawaii, can barely be considered a national chain. Its only East Coast presence is its Abercrombie & Fitch stores which are exclusively upscale, full retail operations, usually located in ritzy malls or communities such as Beverly Hills; Georgetown, near Washington, D.C.; Las Vegas; Short Hills, N.J., and Stamford, Conn.

For the most part, regional powers like Big Five Sporting Goods, owned by Thrifty Drug, and Sunset Sports, owned by food wholesaler, Malone & Hyde, are content to stay in their respective trading areas of southern California and the Rocky Mountain region.

An exception is Sportmart, an 11-store Illinois force, split between Chicago and Los Angeles.

(Continued on page 77)

Waldenbooks, Home Centers of America Each Get a Key Executive From K mart

TROY, Mich. — K mart has installed a key executive at both Waldenbooks and Home Centers of America (HCA) as part of the discounter's acquisition of the two specialty retailers for a total of $383 million in cash.

At Waldenbooks, Patrick F. Padden Jr., was named executive vice president, reporting to the book company's president and chief executive officer, Harry T. Hoffman. Padden has been K mart's director for new business development since January 1984, having previously served as general manager of the Kresge and Jupiter stores operation.

At HCA, Jack Guthrie was named executive vp of operations, reporting to the warehouse home center chain's founder and president, Frank W. Denny. Guthrie had been K mart's southern district manager.

Waldenbooks, which will remain headquartered in Stamford, Conn., was acquired from Carter Hawley Hale Stores for $295 million in cash. In addition, the discounter paid $5 million to General Cinema Corp. which held an option to buy the book chain for $284.8 million in cash and nonconvertible stock.

(General Cinema obtained that option as part of its help to Carter Hawley Hale in the retailer's successful fight to avoid an unfriendly takeover the The Limited.)

Waldenbooks, under its K mart ownership, will maintain its expansion which calls for opening between 45 and 60 stores a year. It is scheduled to unveil 35 units during the next few months to end the year with 904.

While Waldenbooks would provide some book merchandising input to K mart, there aren't any plans to open Waldenbook sections within the discounter's stores. More than 600 K marts already have book departments that are a combination of paperbacks, hardcover remainders and best sellers at 25% off.

HCA, which will remain headquartered in San Antonio, has executed a definitive agreement with K mart in which the discounter will buy all of the home center chain's eight million shares for $11 a share in cash. HCA stockholders are expected to approve the deal at a special shareholders meeting at the end of the month.

HCA, under the pending K mart ownership, will change the name of its stores from Home Pro Warehouse to Builders' Square, the name the discounter picked for three stores in Chicago that would have marked its entry this fall into the warehouse home center field.

HCA will open those three stores—one located in a former K mart and the other two in ex-Woolcos—next month under an interim agreement in which the home center chain will be responsible for merchandising, fixturing and operating the trio.

Two HCA stores set to open in Houston in November will use the Builders' Square logo,

(Continued on page 78)

Shaves Sales, Profit Projections

ALCO Steps Up Promos in 2nd Half

ABILENE, Kan. — Duckwall-ALCO Stores will be more promotional in the second half, cutting gross margins across-the-board by three-quarters of a percentage point.

At the same time, the chain reduced its sales and earnings projections for the current fiscal year by 2.3%

"A reduction to a 27.6% average gross margin is our goal," vice president for finance Gary Lowry said.

ALCO cut its sales projection for the current fiscal year to $391 million, down 2.3% from $400 million, because the company's six-month sales goal was off by 5%.

"The economy is still depressed as far as the farmer is concerned" Lowry said. "A great deal of our customers are farmers, and even if they've had a good year so far, they're still paying off loans from previous years and that cuts significantly into their take-home."

"Also, our original sales projection was a little over-optimistic" Lowry said, referring to ALCO's overestimation of the immediate earning capabilities of 40 new stores added after the takeover of the Magic Mart chain last May.

This reduced sales projection came as ALCO posted a 45.5% jump in earnings and a 37.6% increase in sales for the first six months of the current fiscal year.

Earnings for the first half were $3,692,867. Sales were $166,954,633.

In the second quarter, earnings were $2,055,191, up 15.7% over the comparable period last year. Sales were $89,385,048, up 18.3%.

These figures reflect the increased store count from the purchase of Magic Mart.

Construction has been postponed on a 140,000-sq.-ft. addition to Duckwall-ALCO's main distribution center in Abilene. The addition was to be financed by a $2.2 million industrial revenue bond issued by the city of Abilene. However, since that bond would have put Duckwall-ALCO over the $10 million limit on IRB's, the construction has been "postponed a couple of months" while the company seeks another method of financing the building and keeping a tax-exempt status.

Asked if the delay in construction would affect current store operations or planned chain expansion, Lowry said it would not, noting: "We'll continue to use the two or three off-site rental warehouses we've been using. They're just not as efficient as a larger main distribution center would be."

'It Happened This Month' Quiz

Win $100 Every Month

Whose 'Au Revoir' Meant 'Adieu'?

Each month Discount Store News *awards $100 to one winner, selected randomly, from entrants answering a nostalgia question correctly. The question is based on a story that appeared in* DSN *that same month, one or more years ago.*

September's Question: **Four years ago this month the eventual demise of one of the founding chains of the discount industry became clear when its last owner, a French company, said it planned to sell the retailer. The discounter's chairman said the $57 million in merchandise in the currently operating stores would be liquidated within the units by one of the country's premier liquidators. What is the name of the discounter, the French parent firm, who was the discounter's chairman (l.) and who was the liquidator (r.)?**

It Happened This Month

Quiz 9

Answer: _____

Name: _____

Co./Store _____

Address: _____

_____

Zip _____

Prize: $100. One winner will be selected at random from all correct entries received. Rules: All entries must be submitted no later than two weeks after the issue date for each contest. (Correct answer is hidden in each issue the contest appears.)
Send to: Contest Editor, *Discount Store News*, 425 Park Ave., New York, N.Y. 10022.

Edward Sierra, Bradlees, was the winner of the August contest.

Two Elevated At Gold Circle

WORTHINGTON, Ohio — Gold Circle has reorganized its top merchandising posts.

George Rubin, senior vp of soft lines, has taken on additional responsibility for the soft home division. His new title is senior vp, soft lines and soft home. He now oversees accessories, jewelry watches, intimate apparel and shoes, junior and misses sportswear, children's wear, cosmetics and soft home.

Bill Prophater, senior vp of hard lines, has assumed responsibility for the home furnishings and men's divisions. Prophater is now senior vp, hard lines and men's. He supervises home improvement, entertainment, smallwares, leisure and recreation, home furnishings and men's.

Those changes follow the resignation of Allen Sherman, who had been senior vp of men's and soft home. Sherman is now vice president, general merchandise manager, hard lines at Zodys in Los Angeles.

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Vol. 23, No. 19 Sept. 17, 1984

SPORTING GOODS

Discounters Lead in Sales Of Basic Sporting Goods

MOUNT PLEASANT, Ill. — Discount chains are still, far and away, the leading retailers of basic sporting goods.

Sporting goods stores dominate the more specialized categories, however, according to a recent National Sporting Goods Association (NSGA) survey.

"The Sporting Goods Market in 1984" represents consumers' projections of 1983 purchases based on responses from 80,000 households nationwide. The NSGA report also projected a 9% sales gain for the industry in 1984 to $14.9 billion. In 1983, sporting goods equipment, shoes and apparel increased to $13.6 billion, up from $12 billion the year before.

Equipment alone accounted for $7.9 billion in sales last year and is projected to hit $8.6 billion this year, an 8% increase. Sports apparel tallied $3.5 billion last year and is expected to come close to $4 billion this year, a 13% gain.

Athletic footwear broke the $2 billion barrier last year and a 7% increase is predicted to bring it to $2.3 billion by year's end.

The leading individual growth areas for '84 pegged by the survey were exercise equipment, with a conservative 25% expected gain to $1.2 billion in volume; aerobic shoes, anticipated to jump from $29.3 million in '83 to $44 million by year's end, and 20% increases for both warm-up suits and sweat shirts, together accounting for over $1 billion in sales this year.

Basic sporting goods such as baseballs, basketballs, footballs, and soccer were tabbed for 5% to 10% increases in '84, according to the study. The largest percentage of these sales will be made at discount stores.

Over 37% of baseball purchases were made at discounters last year with the average retail price at $3.78. Department stores accounted for one quarter of baseball buys with an average price slightly lower, $3.42. Sporting goods outlets, which saw 23.5% of baseball purchases, had the highest average price at $4.55.

The same pattern held true for basketball purchases. Discounters lead the way last year with 39.4% of buys at the lowest average retail price of $13.39. Department stores, again, saw a quarter of the action, at a slightly higher price. Specialty sporting goods stores (20.4%) had the highest-average price at $21.26.

The two strongest indications of discounters' dominance in basics were seen in fishing rod and reel combo sets and tennis ball purchases. For combos, 38.7% of the buys were at discount chains. The nearest competitor, department stores, accounted for less than half the discounters' share—17.6%.

Almost 50% of tennis balls bought last year were purchased at discounters. Department stores ranked second with a 17.6% share.

Although discounters dominated the bread and butter items, sporting goods stores led the way in more sophisticated items.

The study showed consumers bought their sophisticated equipment in more specialized outlets last year. For example, athletic footwear was primarily purchased at sporting goods stores, which offer a wider selection than both discount and department stores.

Over 40% of baseball, football and basketball shoes were bought at sporting goods stores last year, according to the study, with baseball and football cleats closer to 50%. Discount chain share ranged from 15.7% for football to 21.7% for baseball, not even half of the sporting goods outlet's share.

The recent explosion of aerobic shoe sales (over one million units were sold last year) was heard almost equally at sporting goods stores (24.5%), specialty shoe stores (23.2%) and department stores (23.2%).

In other major sporting goods categories including downhill skis, tennis rackets, archery, shotguns, rifles and hockey skates, sporting goods specialty stores were clearly the place to shop, the survey indicated, and usually had the highest-price points.

Tennis rackets were bought at sporting goods units 33.8% of the time with an average selling price of $60.92. Discount stores, with a 17.8% share offered an average price point of

(Continued on page 68)

Projected Sales of Selected Sporting Goods Categories
(in millions)

Category	1982	1983	1984 Forecast	% Increase '84 vs. '83
EQUIPMENT				
Firearms and Hunting	$1,556.8	$1,665.6	$1,716	3%
Exercise	723.3	960.2	1,200	25
Camping	735.0	784.2	863	10
Golf	492.8	633.3	690	9
Fishing Tackle	586.2	618.8	656	6
CLOTHING				
Bathing Suits	709.3	765.7	850	11
Warm-up Suits	448.9	613.7	758	20
Shorts—Elastic Waist	374.1	449.0	516	15
Athletic Socks	281.0	332.0	372	12
Sweat Shirts	212.6	261.0	313	20
FOOTWEAR				
Sneakers	658.8	639.1	639	—
Jogging/Running Shoes	421.0	556.7	624	12
Tennis Shoes	286.6	339.8	367	8
Basketball Shoes	80.5	119.2	132	11
Golf Shoes	98.5	115.3	129	12

Source: National Sporting Goods Assn.

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See our 1985 line of Hydro-Sport boats, air mattresses, plus our other quality American Camper products at the Nelson Recreation Products, Inc./Weather-Rite, Inc. displays during the S.G.M.A. show in New York, September 22nd-25th (display area 1402-1408 & 1501-1507) and at the Anaheim show in California, October 19th-21st (display areas 6707-6709).
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LAWN & GARDEN

$100-$150 Bracket to Get More Stress

Buyers See Gas Models Continuing to Ignite Grill Area

Nationwide DSN Report

Discounters expect gas grills to continue their sales surge and be the leading contributors to 20%-30% volume gains for the grill category as a whole in 1985.

After experimenting this year with gas models ranging from $88-$300, buyers will be focusing their mix more heavily on the $100-$150 range, which showed the greatest consumer acceptance this past season. These units, they said, have the most popular features such as carts, redwood trays, dual burners, porcelainized grids, up-front controls and spark ignitors.

Costlier units bearing temperature gauges, windows and massive cooking grids generate less consistent demand and will be pared back at some chains, buyers said.

Smaller units which retail at less than $100 will remain a stable part of the mix because these are often the first choice of shoppers who step up from charcoal models, they added.

Gas grills moved to the forefront this year as prices of charcoal briquets rose to the $7 range for a 20-lb. bag and high-end charcoal grills rose to $70—perilously close to the bottom end of gas unit prices. On top of that, shoppers are opting for gas grills' greater convenience, faster operation and "status" features, said buyers.

Suppliers were pressed severely to meet gas grill demand in 1984, said some buyers who experienced shortages and will commit further in advance for 1985. "Manufacturers weren't ready for the demand," said Danner's buyer Richard Wykoff. "People didn't spend $150 on a gas grill during the recession, but they are now."

While discounters expand their gas grill assortments, they're maintaining on paring slightly their charcoal grill sku's. As they do this, many are adding charcoal water smokers to their assortments because they've performed strongly in southern markets, particularly Texas, buyers said.

Stronger Impact Eyed

By refining their mixes, discounters are eying improvement over their current 35% share of grill sales nationwide, which includes 20% of gas model volume, 41% of charcoal grill sales and 19% of electric model sales, according to a recent Barbecue Industry Association report.

Yet Richway buyer Perry Reynolds cited disappointment with his chain's gas and charcoal grill performance in 1984 because "sales come from market penetration. We're sharing the business with more retailers than two and three years ago, and they're into it more broadly than us."

To boost profits in the grill sales area—which already sports 30%-35% gross margins daily and 20%-25% on promotions—discounters including ALCO and Heck's will likely begin merchandising gas grill replacement parts in 1985.

"There have been enough gas grills sold the past 10 years to make this a viable business," said Heck's buyer Jim Myles. Chain merchandising executives said they won't be promotional on grill parts, that they'll seek to maintain 40% margins every day.

At K mart, four sku's of multifeatured pedestal and cart gas grills will be maintained next spring, along with a small tabletop gas unit that provides a $35 opening price point. K mart's good-better-best approach ranges up to $200 every day, in increments of $25-$30, and 25% off on promotion.

"Consumers move away from promotional price points make me believe gas grill volume will soon overtake that of charcoal units," said buyer Donald Bratt.

Tying image to grills advertised in its flyers, K mart has begun using larger cuts with lifestyle pictures. It's also deceased emphasis on accessories, particularly for gas units because so many are included in step-up models, Bratt said.

To gain price advantages in 1985, Bratt will scout the Orient for possible direct importing sources this fall. He's also considering the addition of smaller grills to his mix because "you don't need a large cooking area unless you have a large family or a lot of guests," he said.

K mart's preferred layout of 52½ ft. this season included eight sku's of charcoal grills and an electric tabletop model—which is meant to appeal to apartment dwellers and those living in areas where local restrictions ban the use of propane.

Not Desirable

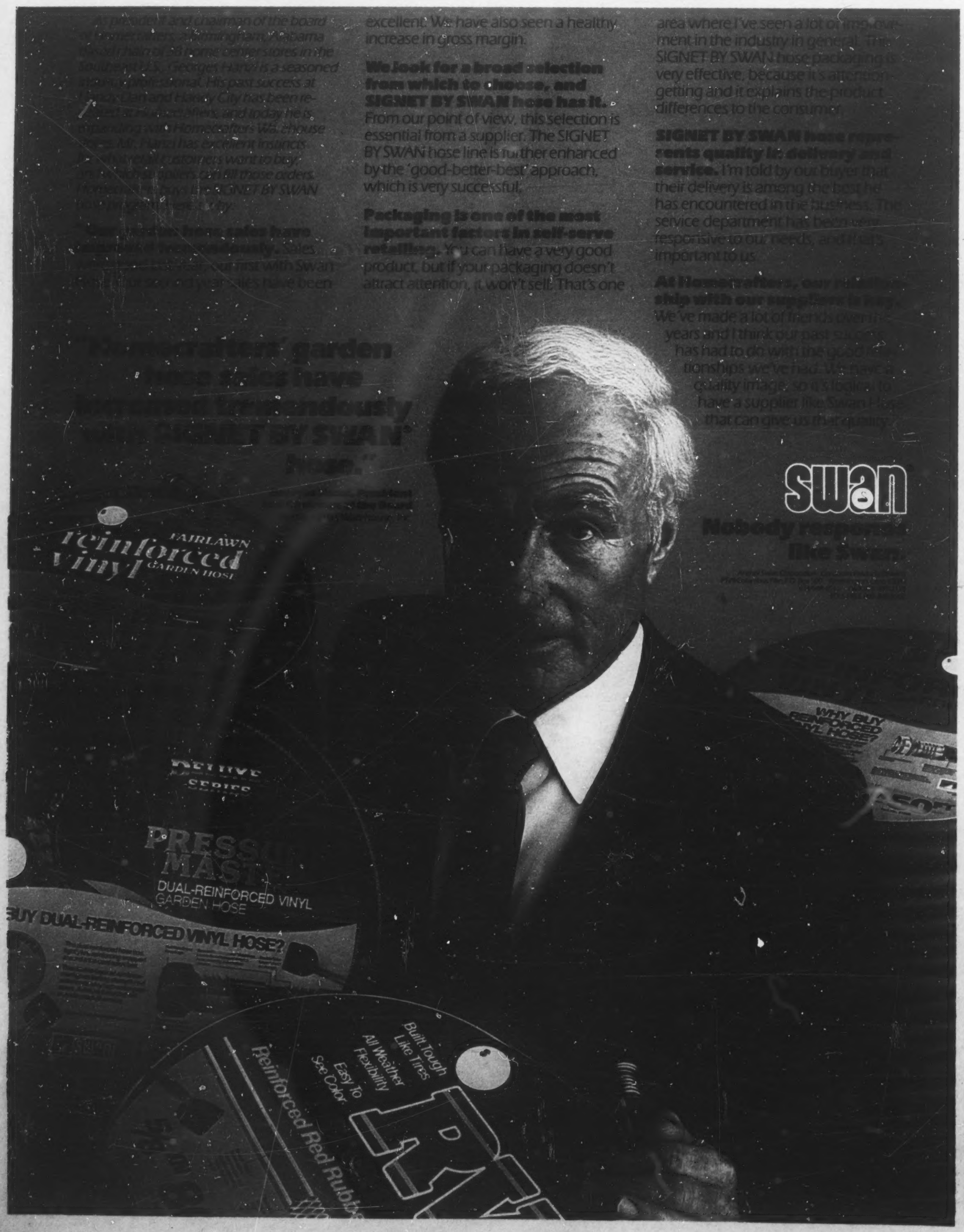
After a test this season revealed pedestal electric models to be weak performers even in these municipalities, Bratt decided he'll likely add another electric tabletop model to his mix in 1985.

The few changes planned by Richway in 1985 include the addition of a step-up tabletop gas grill, and replacement of a $299 gas grill with a model in the fast-turning $100-$150 range.

Richway devotes 16 ft. to gas grill displays, not counting carton stock, and 12-16 ft. to charcoal grills and accessories, depending on store size. Department footage, as well as its promotional stance which emphasizes step-up models at $20 off their everyday price, are expected to be maintained next year, said Reynolds.

Its mix this season included six gas units, from a $30 tabletop model, to four full-size grills at $100-$200 every day and the $299 test model. Charcoal grills started at under $15 and ranged upward to a Weber 22½-in. grill at $69, which Reynolds flatly called "too expensive."

ALCO, which pared charcoal grill sku's from 10 to six in 1984, will trim to five next year, including a water smoker—priced from $5-$55.



Barbecue Slice Dips at Discounters

Type of outlet	1977	1983
Discount store	39%	35%
Department store	21	11
Hardware store	14	12
Drug store	4	5
Grocery/ supermarket	3	3
Gas station	3	—
LP gas dealer	—	4
Catalog chain	—	9
Home center	—	4
Cataloger	—	4
Other	12	12

Source: Barbecue Industry Assn.

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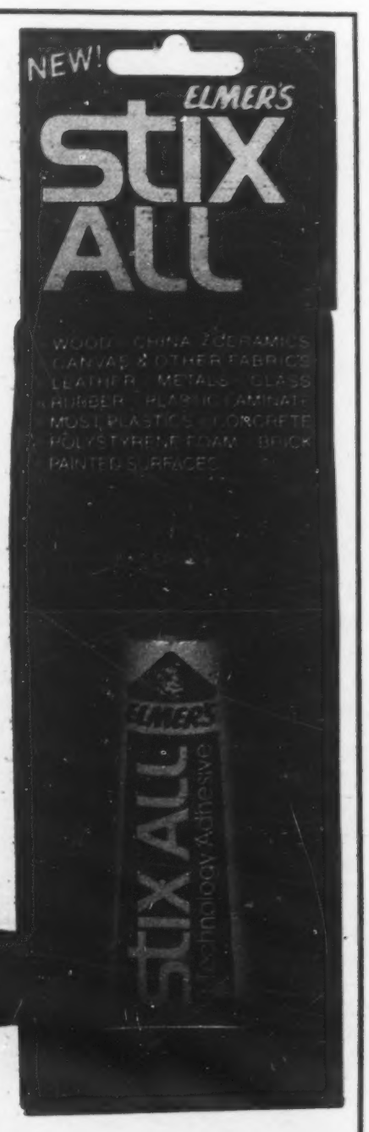

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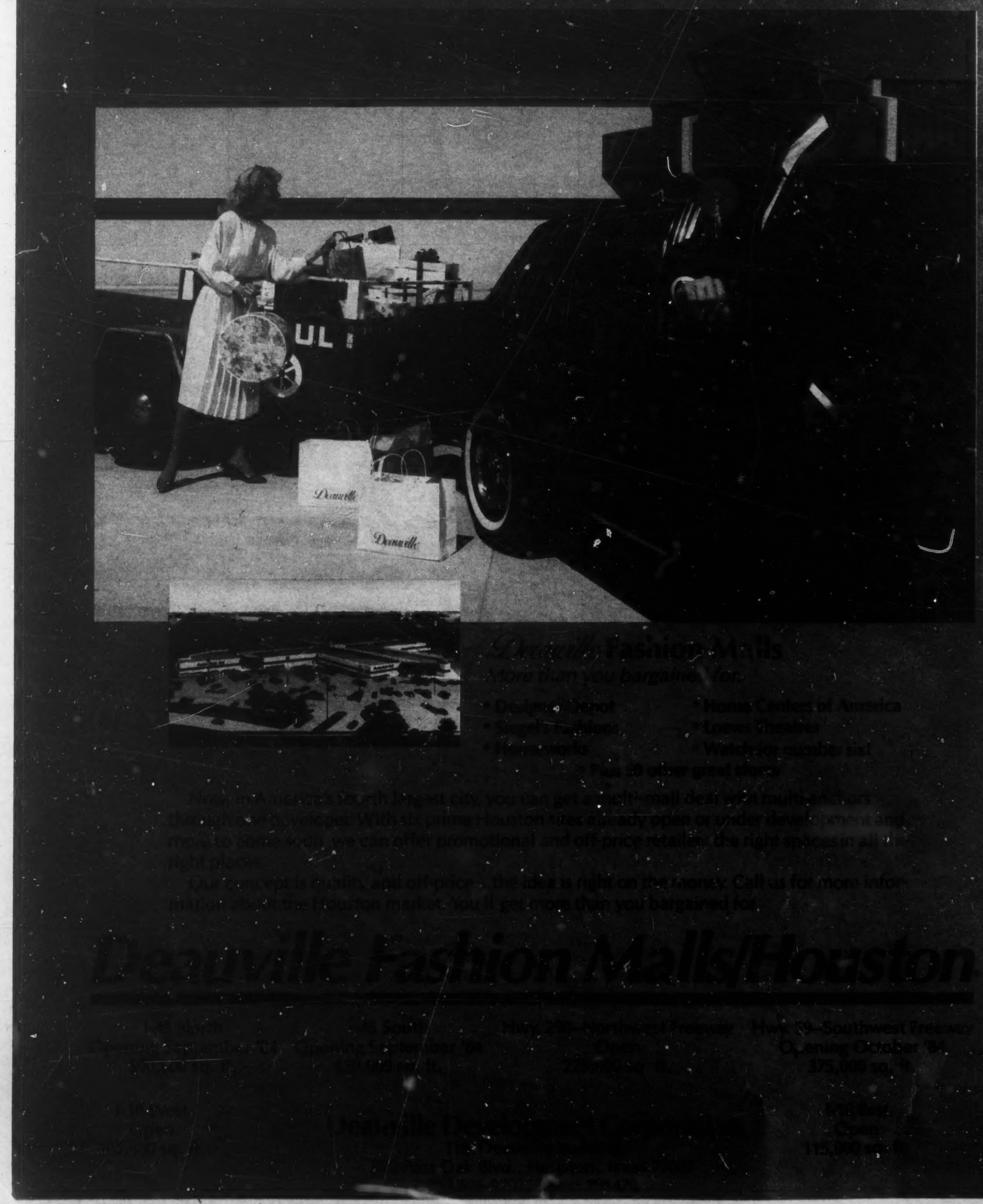

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Deauville Fashion Malls/Houston

Hwy. 59—Southwest Freeway
Opening October '84
375,000 sq. ft.

Hwy. 290—Northwest Freeway
Open
295,000 sq. ft.

I-45 South
Opening September '84
300,000 sq. ft.

Hwy. 59—Southwest Freeway
Opening
115,000 sq. ft.

1st in Sales

(Continued from page 23)

about half the sporting goods outlet at $32.53.

In the case of sports where equipment must be personally fitted to the buyer, pro shops accounted for the greatest share of overall business.

In golf clubs, bowling balls, cross country and water skis, pro shops accounted for at least 30% of consumer purchases last year.

Purchases of exercise equipment, expected to generate over $1.2 billion in sales this year, were split among the three major sporting goods retailing segments last year, according to the survey.

Of the exercise equipment categories charted, discounters were the leading retailers in two categories: rowing machines and jogging/mini-trampolines. Department stores led in multipurpose home gym sets and stationary exercise bikes, while most gravity inversion equipment moved out of sporting goods stores last year.

The home gym segment, $192 million in sales last year, and exercise bikes, last year's leader with $274.5 million in volume, continue to be the hottest categories in the industry. Department stores were shopped at over 40% for both items: 47.2% for the home gyms and 41.2% for the bikes. Discount stores had a 23.2% share in home gyms and a 22.2% portion of exercise bike sales.

The average price at department stores for the exercise bikes was slightly higher at $102.45 compared to discounters' average price of $84.26. In home gyms, discount chains had a slightly higher average selling price at $229 compared with department stores' average of $216.32.

Sporting goods apparel was purchased primarily in department stores last year, with the retail segment leading the way in warm-up suits, 47.4%; tennis wear, 35.8%; sweatshirts, 33.3%; leotards, 51.6% and an overwhelming 58.8% share in bathing suits. Except in the case of sweatshirts, where discounters saw a 32.8% share, no other retailer approached department stores apparel dominance.

State Laws

(Continued from page 38)

ular wages and vacation pay separately.

WORKERS' COMPENSATION

Connecticut

P.A. 84-200, Laws 1984, effective Oct. 1, 1984, prohibits employers from discharging or discriminating against employees who file workers' compensation claims.

HB4576, effective Oct. 1, 1984, provides for the payment of 6% per year interest on a workers' compensation award when the award was appealed by the employer or his insurer and the employer or insurer loses the appeal. The interest is paid on the amount of the award not paid to the claimant during pendency of the appeal.

Virginia

HB804, now in effect, increases to 60 days from the date of an award or after the receipt of notice the time in which an appeal may be taken from the decision of the Industrial Commission. It also provides that notice of the award may be sent by certified as well as registered mail.

Brennan: T.G. & Y. Turnaround 'Difficult, Achievable'

(Continued from page 1)

to look at the date Bill Elwood was brought in—he's the vp, MIS—which was late in 1983, and go forward from there.

DSN: How does this compare to other turnarounds you've been involved with?
Brennan: It's as difficult as any I've ever experienced—but it's very achievable.

DSN: Why do you keep getting involved with projects like this?
Brennan: People keep asking me that. The fun of it, in all honesty, is when it starts to turn. It's a very exciting experience; but getting there is very difficult. There's nothing romantic about a turnaround. It's just issue after issue after issue . . . and going back again and again and again . . . getting one issue behind you and then going on to the next one. It takes an unusual group of people to effect a turnaround.

DSN: Can you see it happening? Or is it something you only know with hindsight?
Brennan: Yes, I think it's possible to experience it. You feel the momentum build; you see it in the people. Which is something we're focusing on here. To experience the small wins.

In fact, when it happens, it's almost anticlimatic. By the time it happens, you've decided already that it's going to, then it's just a matter of when the numbers start to leverage.

DSN: Is it starting to happen at T.G. & Y.?
Brennan: Yes. I think there's a window of opportunity—about six months—when people in the organization have to see some discernible progress. It's why you take some stores and just do the fundamental things like getting them in stock, and having merchandise on hand when the customer comes. That's what we did in Wichita.

Then people in the stores can look the customer in the eye because they know they're getting support from the central organization. Their attitude, how they feel about what's happening, will make it or break it for you.

DSN: What gains have you seen so far? And are they just from improved efficiency or are they real sales gains?
Brennan: Comp stores were up over 8% in the first half. That's not spectacular, but it's certainly a positive sign. Most of it is probably coming just from being in stock—not from markdowns.

We implemented a never-out-of-stock program in the early spring which has also been positive to margins. Margins have improved over last year by approximately one point. Certainly, there is some margin erosion as you take markdowns on old lines and introduce new categories.

DSN: What is the status of the AIM for the best stores?
Brennan: They will become part of the T.G. & Y. discount store operation from both a merchandising and operational point of view.

DSN: Will their names be changed?
Brennan: Yes, sometime within the next six months. We think there is only one contemporary discount format for us to use. Each of those 13 sites will also be analyzed relative to profitability.

DSN: There have been many other turnarounds effected without a wholesale change in personnel. Why has this happened here?
Brennan: I agree. When I went to Sav-A-Stop I don't think I made more than three changes in management. T.G. & Y. was really on a second turnaround group when I got here.

To assume there aren't good people in an organization of this size is naive. There are good people in every organization. If you don't use the existing talent that's been with the company and work closely with them, then new management won't understand the business well enough.

We believe, particularly in the field organization and in the administrative area, that we have some very valuable talent.

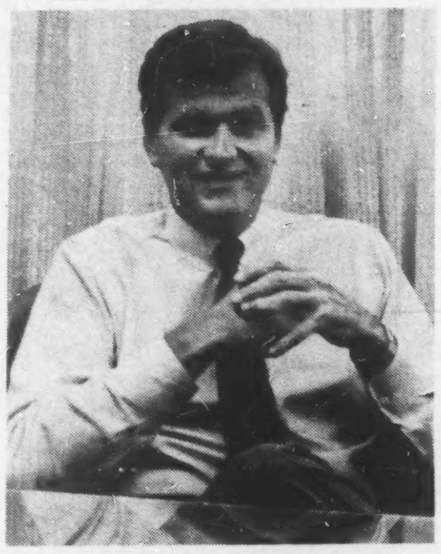
I also think we now have a great senior-level organization. Rusthoven, Kazelman, McKitrick who we brought in from K mart. Also, some financial people who are out of Household Merchandising and other companies.

DSN: After so much turmoil, was [former president] John Herron's departure disruptive? Will it prompt other resignations?
Brennan: I don't think so. I appreciate the efforts he made, and there certainly wasn't a difference in our strategies for the company that prompted the departure, but it was a mutual decision.

No, I don't think there will be more executives leaving beyond Herron and Mike Scotto, the marketing executive, who also left. Ted Kazelman has since become executive vp, marketing and merchandising.

DSN: What's T.G. & Y.'s identity in the marketplace today?
Brennan: I think T.G. & Y. is perceived to be a convenient, well-located store that offers a variety of merchandise.

We believe that by focusing



"The AIM for the best stores will become part of T.G. & Y. . . . Their name will be changed sometime within the next six months."—Brennan.

on a variety of merchandise categories in a dominant way, we can take advantage of those locations and customer shopping frequency and be looked at as a contemporary discounter.

DSN: Are you talking about becoming a specialty store?
Brennan: No, a convenience orientation is different. We are analyzing what we believe will be growth categories in the 80's, and developing those plans right now. We believe the customer will remember us and continue to shop us for our hard lines categories. The whole home products area—soft home, domestics and housewares—offers us a future opportunity.

DSN: What will make you different from anyone else in the market?
Brennan: What separates the winners from the losers is having people with the talent to develop the merchandise assortment.

We've brought in a corporate marketing planner, Norm McMillan, who's working with a group of people at T.G. & Y. to really focus on merchandise opportunities. He was deeply involved with the Target and Montgomery Ward turnarounds.

It's possible for stores that people have written off historically to be brought back with the right merchandise mix and a live advertising program.

The customer already likes our locations and is currently making purchases in our stores. By offering her an improved mix and brand name dominance, she will continue to come back to our stores.

DSN: Who is your customer today?
Brennan: Demographically, our customer isn't significantly different from the one shopping K mart, Wal-Mart or even a Target. The customer base may be slightly older, but it's the merchandise—particularly convenience-type items—they're shopping us for.

We think we can be a competitive retailer in a contemporary discount store. And we will drive the chain with a strong promotional program on wanted items.

We think we can offer a value through our better buying—taking advantage of the strong buying organization we've been able to install.

DSN: But now you have a buying group that doesn't have a collective history. Also, you don't have a lot of merchandise tracking systems. How do they know who to buy to?
Brennan: Again, our customer demographics are very similar to those of our major competitors. We've told our buyers, "Focus on these merchandise categories and buy them in volume, for a company this size." We think we can lower our costs substantially and bring customers in.

Historically, we've not been perceived as being good strong negotiators and selectors of merchandise. That's a great opportunity as far as I'm concerned. I feel that can be leveraged through into retail prices.

DSN: Can you put a dollar amount on that?
Brennan: I would rather not. But certainly, it's significant.

We feel we're [Household Merchandising] a $5.3 billion company with a 4,000-unit store base that hasn't taken advantage of our leverage—and there are a lot of similarities in our companies: they all sell high-volume, small-ticket merchandise. And, we have common vendors in many areas.

We're also looking to streamline our whole distribution system.

DSN: What kind of systems support do your buyers have today?
Brennan: We believe we have enough data to run our stores right now. Thirty-one per cent of T.G. & Y.'s total volume is represented by POS-equipped stores. The percentage is higher for the discount stores. We also have POS equipment that we now own that might represent another 10% of our volume. It's just a matter of implementing, installing that equipment to get it on line.

That's not a high percentage, but if the stores are strategically located, over 30% POS gives you a base from which to work in terms of replenishment and understanding the mix.

DSN: Will you continue operating in your existing trading areas?
Brennan: We currently operate just under 800 stores, 550 of which are discount stores, in 27 states, with the bulk of our locations in 10 states.

We have very favorable leases on our stores and we are looking at each of them relative to the profit on the existing lease vs. a new lease. We are closing nonprofitable stores, regardless of size, and we have been doing that for the last six months.

DSN: We have heard your California stores are for sale.
Brennan: I have heard those rumors also. There haven't been any negotiations for the California stores at all. There are about 100 stores out there, 22 of which are discount stores.

One thing that's bothered me is that two of our competitors have been telling our people [we're leaving California] as a way to recruit, because there hasn't been any discussion with anybody about selling those stores. We are analyzing each market's profitability within the chain—but those reports were totally inaccurate.

DSN: How many stores do you plan to have in operation next year?
Brennan: The number will be down slightly but not significantly. We will open some units and relocate or close others. The number will remain fairly constant.

DSN: How will you continue to handle the discrepancies both in size and merchandise assortment between your discount and variety stores?
Brennan: Operationally and merchandisingwise we're separating them. We've separated the field staff and they are working closely with the buying organization on merchandise assortments relative to those types of stores.

The merchandising is one organization; it will not become two.

Our heritage is in the variety stores and so we are allowing those involved in that business to focus on it. We will continue to stay in the 20,000-sq.-ft.-and-under variety store business, so long as it continues to be a strong contributor to our profitability.

In our discount stores we are developing two basic formats: 40,000 and 60,000 sq. ft. They're two different configurations and departmental emphasis. We believe we can merchandise the 40 to the 60 because that's where the bulk of our volume comes from. Assortment breadth, not varying departments, would be the difference. We're dealing under one common advertising program, and one basic purchasing mix as well.

Sporting Goods Chains on Way to $1 Billion'84

(Continued from page 2)

"We've only been on the West Coast for the last year and a half and we've been very successful. We'll be making a major play in Los Angeles," said Mike Fitzgerald, vp, merchandising for the chain. Fitzgerald, however, would not reveal the number of West Coast debuts on tap.

Sportmart, with estimated sales of $90 million for 1983, is a bit different than the average sporting goods outlet. Taking a page from the successful Toys "R" Us blueprint, Sportmart dominates its two markets by its size and by offering everyday low pricing.

The full-service stores have between 35,000 and 40,000 sq. ft. of selling space, easily dwarfing the industry average of 15,000 to 20,000 sq. ft. The chain never runs a sale, choosing instead to offer everyday sharpened prices. The discounts vary from category to category, according to Fitzgerald, but he emphasized the chain is competitive with any retailers in their markets.

That is also the stance taken by Michigan Sporting Goods, the 16-unit Grand Rapids, Mich.-based chain. Mort Finkelstein, president, will refund the difference in cash if a better price is brought to the chain's attention. Finkelstein, like many of the sporting goods chain executives, claims never to be beaten on price but denies a discounter characterization.

"Our policy is never being undersold but I don't like the term discounter. It connotes an offering of inferior quality. There's an idea of cheapness, down and dirty, that goes along with it, although it's true that everyone discounts merchandise," he said.

Michigan, along with Brendamour's of Ohio and Irving Sports in Virginia, will not be expanding traditional operations this year although Irving Sports will be opening a new factory outlet-type store next April.

Located in Dale City, Va., the 19,300-sq.-ft. store will be more sharply priced than the conventional Irving unit and feature selected closeouts. Tenants in the mall include numerous apparel manufacturer outlet centers, so the chain will concentrate primarily on hard lines merchandise, according to Ralph Rubin, vice president for the chain.

Currently, there are 13 Irving Sports stores divided among enclosed malls and strip centers. The units are about 3,000 sq. ft., making the outlet venture equivalent to six new store openings, noted Rubin. The chain also operates four Athletic Shoe Box stores.

Sunset Sports, which has been operating a similar division since 1980, has decided to phase it out entirely. The 11 factory liquidation outlets, closing next year, account for 1% of the chain's total volume.

The 38-unit Sunset chain, opening two new units this year, has been working on the installation of its first POS inventory management system, recently set chainwide.

The system, which will help maintain an improved in-stock position and spot early consumer buying trends, will be in operation by the end of the year.

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Discount Store News®

THE NEWSPAPER OF DISCOUNT RETAILING

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Pay'n Save Mulls $357.2M Offer

SEATTLE — Pay'n Save shareholders at presstime were expected to accept a sweetened $357.2 million cash offer from The Trump Group for the billion-dollar retailer, which resulted from efforts by two dissident stockholders to recoup as close to $70 million as possible for their 18.4% interest.

The Trump Group, a privately held New York retailing and real estate company, in a complex deal through a series of affiliates, has offered $23.50 a share for Pay'n Save's outstanding 14,975,002 shares, a $1 more than its original offer.

The higher price resulted from negotiations between The Trump Group and the two dissident shareholders, Pay'n Save executive vice president and director Stuart M. Sloan and his father-in-law, director Samuel N. Stroum.

The deal calls for The Trump Group to pay $3.3 million (along with $900,000 in reimbursement of fees and expenses) for an option to acquire the 2,799,014 shares owned by the Sloan/Stroum group and to raise the offering price for all the Pay'n Save shares to $23.50.

The Sloan/Stroum group will obtain $65,306,829 for their shares when The Trump Group offering is completed; along with the option, the Sloan/Stroum group will obtain a total of $68,606,829 for their shares.

That sum is close to the approximately $70 million that was the value placed on the 2,799,014 Pay'n Save shares the Sloan/Stroum group got when they sold privately held Schuck's Auto Supply to the retailer late last year. But, when the shares were actually issued on Jan. 27, they had a quoted value in the over-the-counter market of only $56,680,034.

The Sloan/Stroum shares aren't part of the minimum of eight million shares (or about 52.5% of Pay'n Save's stock) that The Trump Group has set as the minimum it would have to obtain under the tender offer to

(Continued on page 135)

Videotape rentals have actually become more economical than going to the movies, as discount and specialty chains, like Tower Records, New York, begin to sweeten the deals by offering two-for-one midweek bargains. *(DSN photo)*

Discounters Offering Prerecorded Video Tapes

Chain	Sales	Rentals
K mart	✓	—
Wal-Mart	✓	✓
Target	✓	—
Bradlees	✓	—
Hills	✓	—
Meijer's	✓	✓
Thrifty Acres	—	✓
Fred Meyer	✓	—
Roses	✓	✓
Venture	✓	✓
Payless	✓	—
Murphy's Mart	✓	—
Jefferson Ward	✓	✓
Jamesway	✓	—
Pamida	✓	—
Richway	✓	—

Prerecorded Video Tape Market Attracts Full-line Discounters

By LARRY CARLAT

On the heels of the recent VCR sales explosion, discounters now have their eye on the $500 million-plus home video cassette market.

Related story, p. 26.

The category, projected to grow 500% within the next five years has, until recently, been the exclusive domain of independent video specialty outlets. Now, at least a dozen discounters will be experimenting with rack-jobber test programs in the near future.

Like its hardware counterparts, now being mass-merchandised nationwide, the segment epitomizes many chains' youth-oriented, lifestyle thrusts into the market. Chain buyers also say the software will definitely motivate VCR sales and stimulate traffic.

However, the jury is still out on whether a viable profit can be made on the low-margin, so far low-volume category.

Currently, discounters are experimenting with home video tapes, courtesy of record rack jobbers, who simply made them an offer they couldn't refuse.

"There's no risk. We can test it for the cost of 5 ft. of selling space. If it doesn't move, the jobber will take it back, 100% guaranteed," said Gary Church, buyer for Roses. Chains are tending to work with

(Continued on page 142)

House-Passed 'Counterfeit' Bill Seen Less Harmful to Chains

WASHINGTON — New Federal product counterfeiting legislation addressing most of the discount store industry's concerns sailed through the House late last month and appeared headed for a final Congressional showdown at presstime.

Although the House-passed measure retains controversial *ex parte* no-warning search and seizure provisions which may be used as an anticompetitive weapon against price-cutting retailers, discount industry Washington lobbyists consider the bill a vast improvement over earlier versions.

The House legislation "addresses many of the concerns AGMC has raised" during repeated Congressional appearances over the past two years, Association of General Merchandise Chains president Edward T. Borda said.

(Continued on page 140)

Chains Begin to Tap Rentals

Nationwide DSN Report

Discounters are beginning to exploit what many feel will be the most lucrative future of the home-video-tape segment—rentals.

VCR households are expected to nearly double to 25 million units in the next two years, and retailers will be looking at software rentals for big profits.

With Wal-Mart in four stores, Fred Meyer in nine, Meijer in six, and Payless and

(Continued on page 142)

IN BRIEF

- **PETER HARRIS HAS RE**signed as president of Gemco, Lucky Stores' discount chain division, "to pursue other interests." At presstime no successor had been appointed. Larry Del Santo, Lucky's senior vp of specialty retailing, is acting as Gemco president.
- **AMES WILL INVADE** Richmond for the first time on Oct. 18.
- **HUEY J. WILSON, AS EX**pected, was elected president of H. J. Wilson by the cataloger's board, succeeding Tracy J. Mandart Jr.
- **ARDAN HAS INVADED** the Greater Kansas City market with four showrooms: three are renamed Yale's stores, which were merged into the company earlier this year, and one is a new unit.

Buyers Sense Leveling in '85

Microwave Cookware Rising to Plateau?

By AL HELLER

Despite a sizzling 1984 performance—wherein most discounters expanded microwave cookware footage and are commonly toting up 20%-25% sales gains—buyers sense the category's growth curve will flatten next year.

Too much product in the marketplace may outstrip demand of a consumer franchise that's yet to materialize fully, they said. What's driving the healthy sales now is cooking experimentation by owners of microwave ovens. Future growth will be linked to new sales of ovens to first-time users, they said, and that's in question.

"Manufacturers are overworking the category, vying for sales that just may not be there," said Gemco buyer Tony Pooler. "As consumers become more sophisticated, it limits the category by challenging manufacturers to produce products that have tangible benefits."

Citing his best items as "those that provide a truly unique microwave function" such as bacon sizzlers, turntables and crispers, he said the rest of the category's cooking vessels can be replaced by more commonplace dishes, such as those by Corning.

Indeed, most buyers polled by *DSN* display broad Corning assortments, including several sku's designed specifically for microwave use, adjacent to their microwave cookware.

Yet, contends Cindi Ross, senior buyer for nonelectric housewares at Texas-based Edison Jewelers & Distributors, "consumers should've wised up four years ago [when microwave became popular] if they were inclined to substitute" (for microwave dishes). Coming off a 25% gain last year, she expects strong category growth through 1986 at least.

However, Murphy's Mart buyer George Gose cites a tie-in between Corning's multipurpose uses and consumer space constraints. "You can only fit so much in the kitchen. Corning has the items, but they don't advertise to full advantage," he said.

(Continued on page 51)

Digest

Oct. 8, 1984

HOUSEWARES SHOW

- **Optimistic discounters were** arriving at the NHMA's first October housewares show. See section, pp. 51-102.

APAA SHOW

- **Buyers will arrive at the** APAA show bullish but worried by a seeming lack of new products. See section, pp. 107-123.

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H&BA	45

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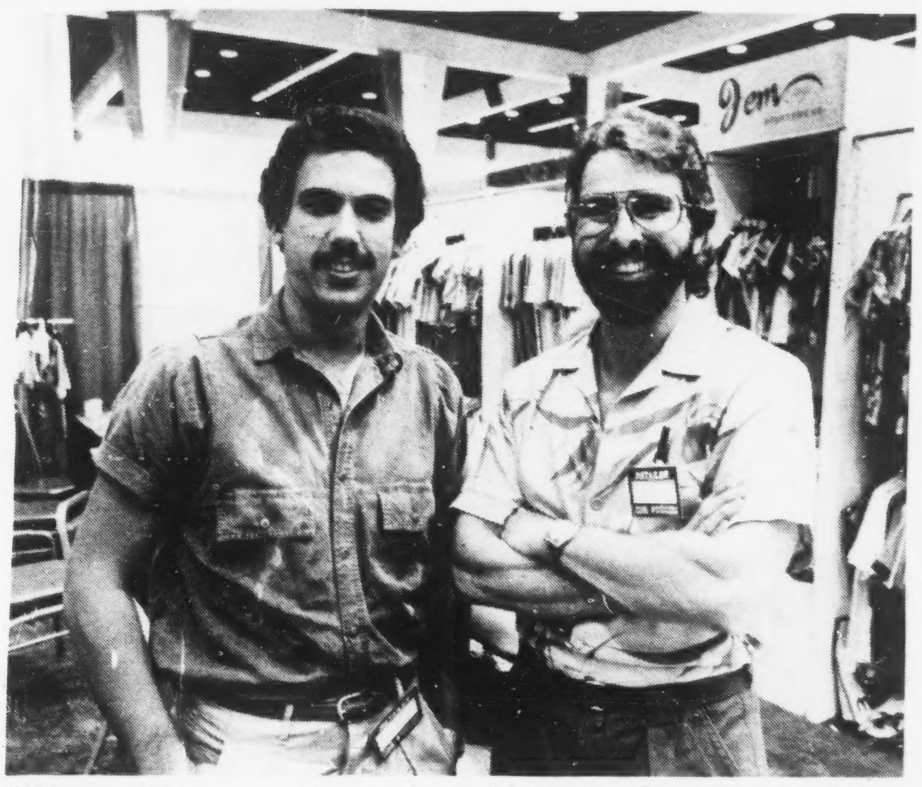


"Woven shirts are going to be a big factor for spring."—Steve Drexler, dmm (r.), with Jay Vestal, buyer, both of Gold Circle.

MAGIC Show Finds Discounters Higher On Fashion Potential

LOS ANGELES — This year's arrival of young men's apparel "shops" in discount stores has whet most chains' appetites for fashion items for men of all ages.

Buyers and merchandisers attending the Men's Apparel Guild in California (MAGIC) Show here were feeling a new confidence their chains can sell more fashion because of strong late August/early September sales of parachute pants for young men and pleated pants for more mature men.

See photos, p. 4.

Boys' wear buyers were also out in force to find looks vendors are duplicating or translating to smaller sizes. One discounter cited the lack of imported items in boys' as one reason for the increased presence of boys' wear at the show. Others remarked that sales of some supposedly young men's fashions like video-inspired looks and camouflage turned out to be stronger in boys' wear for back-to-school.

Most chains saw their biggest gains in boys' wear so far this year and expect that trend to continue.

For men's and boys', alarmingly bright neon colors, oversized woven shirts with giant pockets, large colorful prints in tops and shorts, madras shorts, shorts that double as swim trunks, almost any shorts at all, off-the-wall canvas pants, and pants with zippers, pockets and grommets were shown in abundance at the MAGIC Show.

"I'm looking for something I can sell all my customers, not only the 17- to 20-year-olds."—Steve Heller, buyer, Ames.

Discounters shopped the array with an eye for the salable as well as the newer fashion looks. How does one translate

(Continued on page 140)

CD Starts Same-Area, Same-Day Bows; Ties Older Units Into 1st-Day Promos

NEW YORK — Consumers Distributing (U.S.), now opening more than one showroom in the same market area at a time, is tying existing area stores into opening-day promotions for the first time.

This strategy was unveiled with the launching of two stores here. Six more stores are scheduled for opening in the New York Metropolitan Area before the year's end.

The two stores, in Jackson Heights, Queens, and Valley Stream, Long Island, are each expected to draw $4 million in sales in their first year, said Michael Haberman, executive vp and coo.

With the openings, CD also introduced several in-store changes designed to create more focus on jewelry and fashion goods. Jewelry showcases in the Jackson Heights store, for example, No. 25, double the amount in older stores. The 26 shadow boxes on the wall feature nonjewelry goods like giftware and glassware, with this fashion merchandise rotated periodically.

CD also added a new category to its mix—perfumes and fragrances—in line with its more fashion-conscious look. Although the items are not listed as a regular catalog entry, they are introduced on the first page of the catalog index as comprising the new "Fragrance Boutique."

The two-level Jackson Heights showroom measures 20,000 sq. ft., of which 2,800 sq. ft., or 14%, is display area. The Valley Stream store, also two-level, has 19,000 sq. ft. of which 3,200 sq. ft., or almost 17%, is display area.

(Continued on page 140)

Michael Haberman, exec vp, coo, Consumers Distributing, was at the opening of the Jackson Heights, N.Y., showroom, which offers an expanded jewelry department and a more fashion-oriented display of merchandise. *(DSN photo)*

For 75th Anniversary

Danners Recreating Its 1st Store

INDIANAPOLIS — In celebration of its upcoming 75th year anniversary, Danners is recreating its first store, a 5¢ and 10¢ variety store opened by Forest Wilbur Danner in 1910 in Cambridge City, Ind.

The 1910 Model Variety Store will be displayed in the Indiana State Museum in Indianapolis during the celebration, which will begin in January and continue throughout the year.

To duplicate that first store, Danners is searching for old merchandise, furniture and other items that would be located in a 5¢ and 10¢ variety store, and welcomes contributions from individuals and organizations.

Items found in the 1910 store included laces, china, glass, tops, marbles, hairbrushes, frying pans, women's clothes and sugar shakers.

In this 1910 photo, Forest Danner stands behind the counter ready to help a customer purchase lace or glass or handkerchiefs. A model of this first store, opened in 1910, will be on display in the Indiana Store Museum.

Full-line Discount Stores Again Lead Gen. Mdse. Retailers

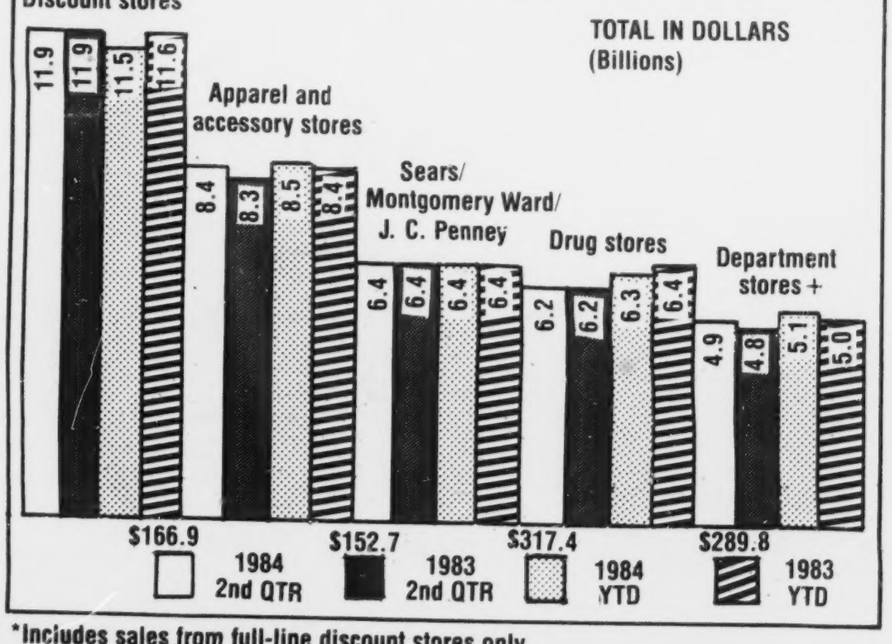
NEW YORK — Full-line discount stores continued to be the dominant general merchandise retailer during the first half of the year, a period in which total retail sales went up 9.5% to hit a record $317.4 billion, according to the L/F Retailer Sales Index.

While discounters accounted for 11.5% of total retailer sales during the first six months, that figure is down one percentage point from the industry's share in 1983, when the first half's volume was $289.8 billion.

On the separate L/F Index, which uses 1980 sales as the base (100), discounters showed a 8.7% increase from 135 to

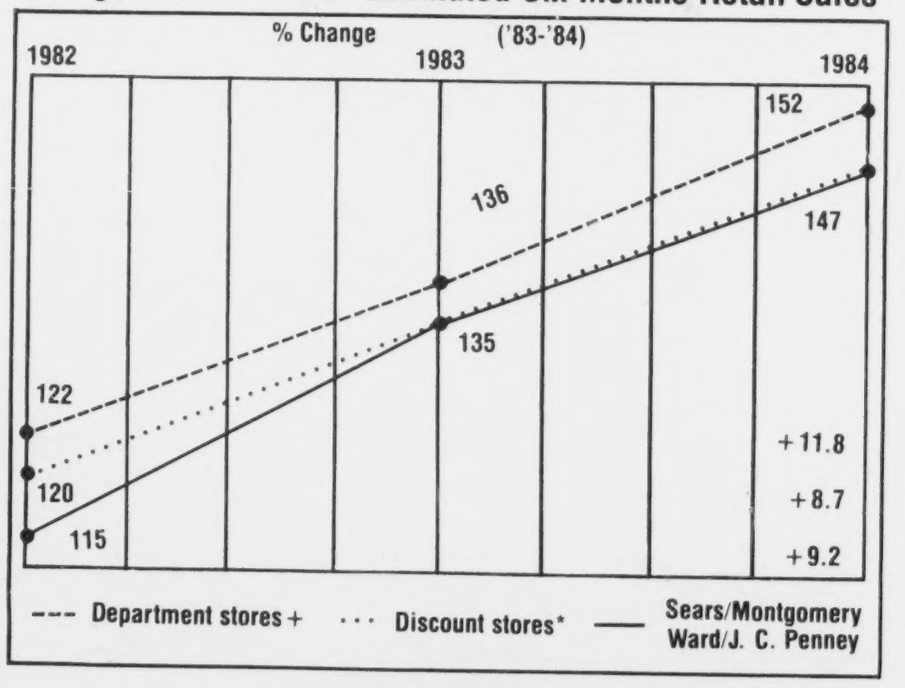
(Continued on page 5)

Percentage Shifts in Share of Total $ Retail Sales



*Includes sales from full-line discount stores only
+ Excludes full-line discount stores

Change in L/F Index of Estimated Six Months Retail Sales



Source: Lebhar-Friedman Research and Dept. of Commerce

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Vol. 23, No. 20 Oct. 8, 1984

Executive Changes

Jamesway and Prange Way Appoint Housewares Brass

Jamesway has announced several changes in its hard lines buying division: **BRIAN SCHIELS,** who joined the company in 1982 as an assistant housewares buyer, was promoted to buyer of housewares, plastics and cleaning aids. **DOREEN PANTE,** assistant buyer of appliances, was promoted to buyer of cookware, closet accessories and appliances. **JOHN SURICH** was promoted from assistant buyer trainee to assistant buyer of tabletop, lamps and giftware.

JAN ALLISON, formerly with Venture, has joined Prange Way as dmm, housewares and soft home.

K mart Apparel has promoted **GILBERT J. DeMARRAIS** to buyer, missy dresses, from associate buyer, domestic knit tops, and **LARRY J. HAFNER** to buyer, ladies, import outerwear, from ladies' and girls' apparel buyer, K mart International Services, Japan.

Gee Bee has announced the following promotions and appointments: **FRANK S. ROBISON** has been appointed merchandise coordinator for Dollar Bargain and Warehouse Outlet stores. **CHERYL FABINA** was promoted to buyer of uniforms and maternity for Glosser Bros. and Gee Bee. She has been with the company since 1975. **LUCILLE MENDELSON** has been promoted to buyer of family hosiery for Glosser Bros. and Gee Bee. She was formerly cosmetics buyer. **MARCIA SLISZ** has been promoted to cosmetics buyer for Glosser Bros.

Maricle

The Andersons has announced the following appointments in its Toledo general store: **MICHAEL MARICLE,** who joined the company in 1981, was appointed store manager. Previously, he held the positions of consumer and industrial controller and accounting manager. **DANIEL ANDERSON** was appointed operations manager after serving as plant superintendent. **BRUCE DOLGOFF** was appointed mm, housewares, food and wine. He had previously worked for Montgomery Ward. **ALVIN JOHNSON,** a 19-year employee, was named mm, lawn and garden and seasonal areas. **DALE THEIS,** who joined the company in 1979, was named mm, hardware, building supplies, farm and auto.

Anderson

Dolgoff

Johnson

Theis

Gaylords has appointed **GEORGE NG** buyer of toys. Previously, Ng was the toy buyer for Times Square Stores in New York. The company also appointed **JOSEPHINE HAIR** to buyer of girls' wear. She had been girls' wear buyer for Tanne Apparel.

THOMAS J. GALLIGAN III, has been elected senior vp, treasurer, cfo and a director of Morse Shoe. Prior to these appointments, Galligan was vp, finance and cfo of PepsiCo International. He succeeds **HENRY T. MANN,** who retired in August after 33 years with the company.

MICHAEL McGRATH has been promoted to Northeast regional manager for T. J. Maxx stores.

MARTIN SHERMAN, president of U.S. Shoe's retail development and special services division, has been elected a senior vp of the corporation. The division, which Sherman will continue to head, handles all U.S. Shoe's real estate activities, store planning and design. Since 1976 he has been responsible for the corporation's Concept specialty shoe stores, which now number 411. He joined U.S. Shoe in 1962.

Volume Shoe has promoted **JOHN K. HOCKER** to vp and director of corporate operations and **JAMES A. NELSON** to vp and director of physical distribution. Hocker joined the company in 1978 and was formerly the regional director of store operation's Atlanta region. Nelson previously served as director of the company's Topeka-based distribution center.

Gen. Mdse.

(Continued from page 2)

147. Conventional department stores showed the largest gain among general merchandise retailers, up 11.8% from 136 to 152.

The L/F Index was developed by Lebhar-Friedman, publisher of *Discount Store News*, and tracks sales of durable and nondurable goods, excluding auto sales. The index, which is reported quarterly, represents the net change in adjusted estimated quarterly retail sales.

Overall, the L/F Index for the six months showed a 9.5% increase from the same period last year.

The two charts shown focus on just general merchandise nondurable goods stores sales. They don't include volume in food stores, the other major component of the nondurable goods market, and volume in durable goods stores (hardware/home centers and furniture/home furnishings stores).

Food stores accounted for 42.7% of total retail sales in the first six months of this year, a slight drop from 1983, while the hardware/home center figure was also down—to 10.7%. Furniture/home furnishing stores were flat at 8.7%.

On the separate L/F Index, food stores were up 5.6% to 125; hardware/home centers gained 19.8% to 138 and furniture/home furnishings stores increased 16.1% to 134.

Seay Is Appointed Wal-Mart Director

BENTONVILLE, Ark. — William H. Seay, chairman and ceo of Southwestern Life Insurance, Dallas, was appointed to Wal-Mart's board of directors.

Seay also serves as a director of Interfirst Corporation, National Gypsum Company, A. H. Belo Corporation, Recognition Equipment, Texas Rangers Baseball Club and Texas Utilities Company.

Sam M. Walton, chairman and ceo of Wal-Mart, commented: "It is an honor to have Bill Seay join the Wal-Mart board of directors. Mr. Seay has an excellent record as a leader in business and civic work."

8 FL. OZ. (236 ml.)
premature aging and wrinkling of skin due to sun overexposure.
SPF 8
NIVEA
After Sun Lotion
A non-greasy skin conditioner
8 FL. OZ.

We're happy to report that Nivea® After Sun Lotion has a very short shelf life.

Nivea After Sun arrived on retailer's shelves early last spring. By mid July—when other After Sun Lotions were still on those shelves—most retailers were out of Nivea After Sun.

In its very first year, Nivea After Sun became America's best selling After Sun Lotion, increasing sales of the whole category 45 percent.*

We'd like to thank all the retailers who ordered Nivea After Sun for '84, and we suggest that, since your Beiersdorf rep will be calling on you soon, you order even more for '85.

And, if you *didn't* order Nivea After Sun in '84, don't similarly deprive yourself of profits in '85.

In '85, we'll support the brand even more aggressively: With national consumer advertising and promotions. Lucrative off-invoice allowances, advertising and display allowances. And counter and floor-stand displays.

This support will help move a lot of Nivea After Sun off your shelves fast—if you have a lot *on* your shelves to begin with.

Beiersdorf, Inc.

Call toll free 1-800-BDF-2340, in Connecticut 853-8008.

*Drug and Grocery Store Warehouse Withdrawal Auditing Services.

BDF ●●●● Beiersdorf Inc., Norwalk, CT 06856-5529 © 1984 Beiersdorf Inc.

HOUSEWARES SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
MICROWAVE				
1	P240BPS Corning Grab-A-Meal, bulk pack	2,844	8.55	24,316.20
2	P150BPS Corning Grab-It (1)	305	6.53	20,210.35
3	499 Microette corn popper, 3.5 qt	732	7.19	5,263.08
4	PM469T1 A/H mcr bn rck, 12x10"	744	6.92	5,148.48
5	MW-2 Corning brwning grill	102	34.19	3,487.38
6	M400126 A/H mcr pppr/stm/rster	252	12.59	3,172.68
7	MC-6 Corning divided microwave dish	153	20.24	3,096.72
8	P-150 Corning Grab-It set, (2), white	231	13.04	3,012.24
9	63204 Nordic mc, bn/meat rk	360	8.09	2,912.40
10	62304 Nordic Micro-Go-Round	54	50.39	2,721.06
PLASTICS				
1	1024 Clipper spray botl-all purp, qrt	4,500	1.79	8,055.00
2	2757 Superseal 2-qt decanter, clear	3,341	1.97	6,581.77
3	364 Loma 32-gal garbage can, green	592	10.79	6,387.68
4	4636 Superseal travl bwl, 4 sqr, 1.5 pt	550	8.09	5,339.40
5	1048 Clipper spray botl-11 purp, pint	3,696	1.43	5,285.28
6	4632 Superseal travl bwl, 4 rnd, 1.5 pt	650	8.09	5,258.50
7	24-Q3 Bes-pak plas frz cont (3)	2,676	1.61	4,308.36
8	360 Arrow popsicle mkr 8-cav w/dsp	2,064	2.06	4,251.84
9	109 Arrow Rainbow tumblers, 16 oz	5,904	0.71	4,191.84
10	24-PH4 Bes-pak plas frz cont, 1.5 pt (4)	2,496	1.61	4,018.56

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CLEANING/CHEMICALS				
1	137-72 Lola Exten-A-Puff 6-ft pole	1,200	7.19	8,628.00
2	137-73 Lola Exten-A-Squeegee 6-ft pole	1,074	7.19	7,722.06
3	044 Quickie Handy squeeze mop	1,230	6.11	7,515.30
4	412GT Willert T/Bowl fresh deod tree	10,584	0.62	6,562.08
5	805-6 Quickie 100% corn brm w/hook	1,104	5.66	6,248.64
6	2000 White wrngr for 20-400Z mops	100	49.49	4,949.00
7	VIP20 White plstc bckt, 26-qt, w/castr	120	39.59	4,750.80
8	705-6 Quickie Poly-Fiber broom	810	5.21	4,220.10
9	N-1212 Ideal Squeegee 24", wood hndl	1,800	2.24	4,032.00
10	1000 White wrngr for 8-16-oz mops	83	45.89	3,808.87
BATH				
1	1107 Grayline king-size shwr caddy	2,268	5.12	11,612.16
2	C-441 Selfix shampoo spray	2,111	2.24	4,728.64
3	1101 Grayline shower caddy	1,296	3.14	4,069.44
4	443 Selfix Port wall/hand shwr	268	10.52	2,819.36
5	3300PM Borg scale, square, almnd	128	16.19	2,072.32
6	3306PM Borg scale, wicker, brown	94	18.89	1,775.66
7	3300PM Borg scale, square, brown	107	16.19	1,732.33
8	999-03 Excell shwr crtn lnr w/mg, clr	532	3.05	1,622.60
9	7204PM Borg scale, "Pig"	64	23.39	1,496.96
10	3306PM Borg scale, wicker, natural	78	18.89	1,473.42

(Continued on page 60)

Schaper A Game Toy
Don't Spill The Beans
A PRE SCHOOL GAME TOY FOR 2 OR MORE PLAYERS
340
Schaper A Game Toy
STADIUM CHECKERS
A FAVORITE FAMILY GAME FOR 2 TO 4 PLAYERS
294
Schaper A Game Toy
Cootie
The ORIGINAL! A PRE-SCHOOL GAME FOR 2 OR MORE PLAYERS
200
Schaper A Game Toy
Oh Chute!
A Great Family Game With Surprises For 2 Players
224
Schaper A Game Toy
Ants In The Pants
A Pre-School Game Toy For 2 to 4 Players
OR YOU CAN PLAY ALONE
404
Schaper Games Have A New Look
Cootie has a new face, and so do all the other Schaper games. New packaging that's bright and inviting to your customers means greater shelf impact and higher turnover. The family look will enable you to attract even greater attention to a Schaper games section.
We've dressed up our old favorites and added a fun new game called "OH CHUTE" that's not to be missed. And with this new packaging it won't be! For a look designed to sell--look to Schaper's family of games.
Schaper
1984 Schaper Manufacturing Company
A Division of Kusan Inc

Economy Is Seen Hiking Coast Sales

By JERRY FALK
Executive Vice President, Bacar Inc.

Continuing the volume upsurge begun in mid-1983, we anticipate housewares sales in our five-state Western region to grow nearly 20% in 1984. Strength should be evident in nearly all categories, which we'd say is due to the rise in the economy.

Our region suffered less during the recession, and is coming back faster than most parts of the country because our local economy is driven largely by the computer industry.

Notably, the Los Angeles Olympic Games affected discounters adversely. I can't think of a single Olympic-licensed product we sold. Residents stayed away from stores fearing crowds, and all the visitors were too busy attending the Olympics to shop area retailers. The event, as major as it was, had no measurably positive impact on housewares sales.

Compared with earlier in the year, when delivery problems were commonplace, manufacturers are now willing to put some inventory in the pipeline. Retailers are forecasting fur-

(Continued on page 60)

Appliance Makers Have Biggest July

CHICAGO — More than 3.2 million appliances were shipped in July 1984, which beat the previous July high set in 1973 by more than 200,000 units, reported the Association of Home Appliance Manufacturers (AHAM).

Also, total July shipments were 20.3% higher than the same month last year.

Total year-to-date shipments exceeded 23.4 million units, a 7.8% increase, or 1.7 million units more than total shipments for the comparable 1973 period.

Paul Roman, AHAM vp, marketing and international trade, commented, "If shipment for the remaining five months continue at a level comparable to last year's 14.2 million units, the 1973 record of 35.8 million units will be shattered."

As compared to July 1983, this year's July shipment of dishwashers was up 48.3%, microwave ovens increased 44.5% and clothes dryers increased 36.9%.

AHAM attributed high shipment levels to improved consumer confidence in the economy and new housing construction coupled with strong replacement demand.

This demand is expected to continue during the next several years as consumers replace the almost 300 million major household appliances purchased during the 1960's and early 1970's.

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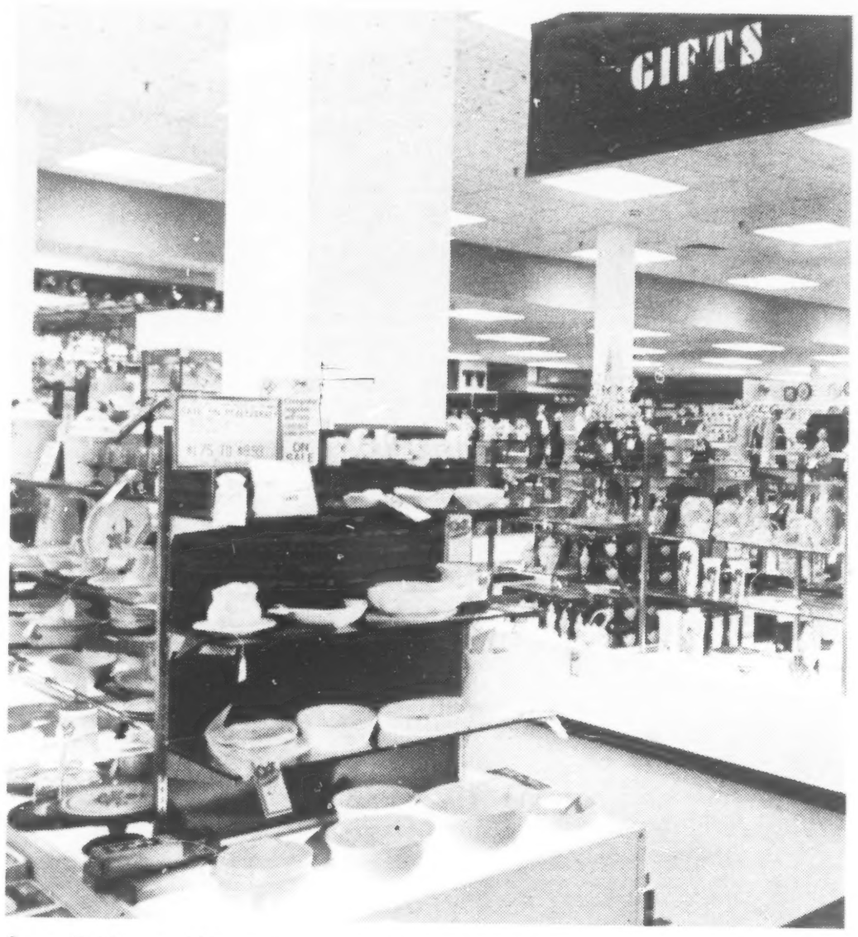
HOUSEWARES SHOW



Ann & Hope, Watertown, Mass., leads off main aisle giftware display with highly identifiable brands such as Pfaltzgraff, on sale at $1.75-$8.99, and Dansk. Overhead signs further classify housewares. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COOKWARE			
1	0707 G/H "Granite" Cnr w/rk, 21 qt	744	19.34	14,388.96
2	26030 W/E Pref Slv 10" chef fry pan	894	12.41	11,094.54
3	312/C Normdy corn pot, 12 qt, cvrd, alm	876	10.79	9,542.04
4	26032 W/E Pref Slv, 12" chef fry pan	360	14.39	5,180.40
5	64110 Ekco B/S lrg cookie sheet, 17x11	1,176	4.40	5,174.40
6	26028 W/E Pref Slv, 8" chef fr pn	516	9.89	5,103.24
7	2209-20 Foley percolator, 9 cup	672	7.19	4,831.40
8	E-130 T-Fal 12" fr pn earthtone (10)	343	13.49	4,627.07
9	46996 W/E 5-piece Slv Chf set, premium	87	51.29	4,462.23
10	E-126 T-Fal 10" fr pn, earthtone (10)	361	11.69	4,220.09
11	10SK2T Lodge c/iron skillet, 12"	324	12.59	4,079.16
12	7SK2 Lodge c/iron skillet, 10"	564	7.19	4,055.16
13	2214-20 Foley percolator, 14 cup	428	9.35	4,001.80
14	64330 Ekco B/S oblong util pn, 13x9	876	3.95	3,460.20
15	14SK2 Lodge c/iron skillet, 15"	142	24.29	3,449.18
	CLOSET			
1	4000 McMillan 1-piece wr shoe rck	1,224	3.58	4,381.92
2	133 Itex tubular plstc hngr, almond	19,440	0.17	3,304.80
3	133 Itex tubular plstc hngr, white	17,712	0.17	3,011.04
4	133 Itex tubular plstc hngr, brown	14,688	0.17	2,496.96
5	W2110 Corr/Pak storage chest, wood	1,176	1.61	1,893.36
6	HWH-06 Bev wire drip/dry hngr, st 6	2,578	0.71	1,830.38
7	11006 Sterilite shoe box, almnd, lid	924	1.79	1,653.96
8	1500-6 Bev plstc dress hngr, cl, st 6	780	1.79	1,396.20
9	133 Itex tubular plstc hngr, rust	8,208	0.17	1,395.36
10	1541-3 Bev plstc suit hngr, cl set, 3	732	1.88	1,376.16
11	5600/5A Tamor Pk5 chld tubulars, asstd	1,008	1.25	1,260.00
12	67101BG I/P plstc multi/purp hngr, beige	828	1.34	1,109.52
13	1541-3 Bev plstc suit hngr, tr st, 6	579	1.88	1,088.52
14	1500-6 Bev plstc dress hngr, tr st, 6	600	1.79	1,074.00
15	74006 Sterilite jumbo box, almond, lid	186	5.75	1,069.50

(Continued on page 62)

PMA PRODUCT MOVEMENT AUDIT

Economy

(Continued from page 58)

ther ahead, they're setting up more ads and using more products in the ads through the coming Christmas selling season.

This combined effort, along with currently vibrant consumer sales, has discounters and suppliers optimistic about sales prospects through year's end—and no supply shortages are expected.

Reflecting our economy's strength, customers are upscaling here, though not extravagantly. They're still value-conscious.

That's why discounters are positioning themselves as price-competitive with catalogers, who until now have had pretty much a free ride on dinnerware and some other cate-

(Continued on page 62)

Introducing the new

First Alert® by PITTWAY®

AUTOSTAT™ Automatic Thermostat Control

- Easily attaches to existing round or rectangular thermostats.
- No wiring required.
- Brings new comfort, convenience, savings!

Now millions of home thermostats can be converted for automatic setback!

According to research, millions of people are now manually setting back their thermostats to save money — and waking up to icy cold homes. But thanks to AUTOSTAT,™ people can now stay comfortably warm in bed while AUTOSTAT adjusts the thermostat for them. And best of all, it's low cost and requires no wiring, so it's easy to install yourself!

Designed to add full setup/setback capabilities to your existing thermostat, the AUTOSTAT is a programmable solid state unit that easily installs without wiring, fits most all popular thermostats, and can control central air conditioning as well as heating.

AUTOSTAT raises and lowers the thermostat at programmed times (up to 4 changes daily) so the house stays warm when the family's up and about, but saves cool cash when they're away or sleeping. It even offers special weekend programming. Best of all, no one has to run, freezing, from a warm bed to the thermostat every morning to save money!

Sold under a one year warranty, the AUTOSTAT features user-friendly concealed pushbutton controls, quartz crystal clock, and handsome decorator design. Attractive 4-color packaging is suitable for shelf or pegboard display. Solid promotional support in the usual First Alert style includes a broadcast and print campaign, plus 4-color P.O.P. and pegboard merchandiser displays designed to really turn up the sales heat!

Model AS550 fits round

Model AS555 fits rectangular thermostats

First Alert® AUTOSTAT . . . so you don't have to suffer to save money!

Pittway Corporation • 780 McClure Road • Aurora, IL 60504

National Shoes Quintuples Net

HYDE PARK, Mass. — National Shoes, parent of lessee J. Baker, reported net earnings for the 26 weeks ended July 1984, of $8,745,000, or $3.90 per share, as compared to same-period earnings last year of $1,703,000, or 77¢ per share.

Net earnings from continuing operations for the first half of the fiscal year came to $2,293,000, or $1.02 per share, vs. $1,906,000 or 86¢ per share for the same period last year.

Improvement Reported

Sherman Baker, president, said: "At this time the company is in an extremely strong financial position. Its condition was recently improved further by a new financing agreement, confirmed with the Shawmut Bank of Boston, N.A. and Shawmut Worcester County Bank, N.A. This provides National Shoes with a $15,000,000 line of credit which includes a $5,000,000 revolving five-year term loan."

As of July 28, the company operated 331 licensed departments and the J. Baker merchandising division provided exclusive merchandising services and operational supervision for 212 additional departments.

Baker said that approximately 20 departments will be added this year, and 30 have already been scheduled for next year.

2nd-Qtr. Net Drops For Parent of Hills

COLUMBUS, Ohio — SCOA, the parent of Hills discount stores, reported income for the second quarter ended July 28, 1984 of $2.5 million, or 14¢ per share, compared with $3.8 million, or 20¢ per share during the same period in 1983.

Sales for the second quarter totaled $311.2 million, as compared to $269.4 million a year ago.

Income for the first half of the year came to $3.6 million, or 20¢ per share, compared with $3.4 million, or 18¢ per share, during last year's first six months.

Sales came to $595 million for the six months, as compared with $514.8 million a year ago.

HOUSEWARES SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CORNING			
1	V-1 Visions 1-qt cvrd saucepan	2,143	14.39	30,837.77
2	F-14 French White 4-qt cvrd oval cass	183	30.14	5,515.62
3	V-300 Visions 6-piece set, 1-1.5-2.5 qt	106	44.99	4,768.94
4	F-2 Corning 2.5-qt oval cass/ld, wh	207	22.49	4,655.43
5	V-20 Visions 1.5-qt dbl boiler w/cvr	130	28.79	3,742.70
6	F-21 Corning roaster f/w, 4.5 qt	129	28.79	3,713.91
7	F-3 Corning 10" pie/quiche, white	216	13.94	3,011.04
8	A-3080P Corning 3-qt saucepan Spice	102	24.74	2,523.48
9	F-1 Corning 2.5-qt rd cass/ld, white	120	20.69	2,482.80
10	F-330-S Corning Set F-1, F-3, F-5, white	50	47.69	2,384.50
	PYREX			
1	233 3-qt Oblong bake dish	1,242	7.19	8,929.98
2	508-N 8-oz liquid measure	3,191	2.69	8,583.79
3	532 32-oz liquid measure	1,537	4.94	7,592.78
4	2330-S 3-qt ut dish w/basket	384	18.89	7,253.76
5	234 4-qt oblong bake dish	714	9.44	6,740.16
6	516-N 16-oz liquid measure	1,869	3.41	6,373.29
7	8014 1.5-liter cold bev servr	1,152	5.12	5,898.24
8	564 64-oz Batter bowl	772	7.19	5,550.68
9	3515 1.5-liter juice jug	1,188	4.49	5,334.12
10	6840-S 2-qt Ut cass w/basket	248	18.89	4,684.72

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	DINNERWARE			
1	T-20-82 Crnrstn 20-pc set, chn bism	110	89.99	9,898.90
2	16-N Corelle 16-pc set, white	136	34.19	4,649.84
3	418 Corelle med bowl (4), white	285	13.94	3,972.90
4	2020-7 Expression 20-pc set, Wildflower	58	67.49	3,914.42
5	T-20-81 Crnrstn 20-pc set, Royal Garden	42	89.99	3,779.58
6	16-23-N Livingware 16-pc set, Mrng Blue	102	34.19	3,487.38
7	3216-32 Dimensions-4 16-pc set, Cinn	65	51.29	3,333.85
8	C870010 A/H Set 20-pc stoneware, adobe	96	31.49	3,023.04
9	C8700/5 A/H Set 20-pc stoneware, terrain	88	31.49	2,771.12
10	16-4 Corelle 16-pc set, gold	77	34.19	2,632.63
	RUBBERMAID			
1	2894-CH Rghnck rnd cn, 32 gal, chclt	2,364	22.49	53,166.36
2	2894-GR Rghnck refuse, 32 gal, gray	1,044	22.49	23,479.56
3	2965-AL Rctngl r lndry bskt, almond	1,857	6.02	11,179.14
4	2936-AL singl turntable, almond	4,152	2.69	11,168.88
5	2965-C rctngl r lndry bskt, chclt	1,707	6.02	10,276.14
6	2951-AK rctngl r dishpan, 11Z13, almond	2,731	3.41	9,312.71
7	2937-AL twin turntable, almond	1,854	4.76	8,825.04
8	0450-W bathtub mat, 14x22, white	2,604	3.32	8,645.28
9	2858-AL step-on wst bskt, almond	636	13.49	8,579.64
10	6032-AL Dlx dish drain, wire, almond	1,254	6.83	8,564.82

(Continued on page 66)

WHERE WILL YOUR BUSINESS COME FROM IN 1984? CHAIN STORE GUIDE GIVES YOU THE ANSWERS!

This year marks our 50th anniversary as the nation's leading publisher of retail market information. For the past half-century, we've been in the business of researching and publishing the most comprehensive, accurate and up-to-date retail market directories available anywhere.

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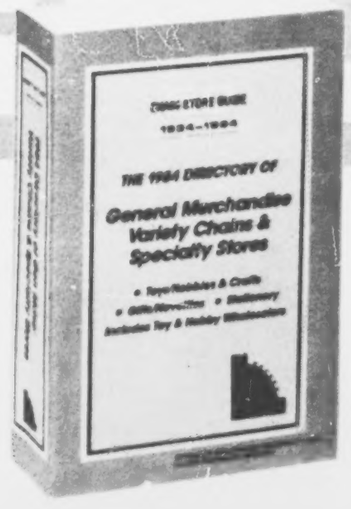

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PMA PRODUCT MOVEMENT AUDIT

Economy

(Continued from page 60)

gories. The proliferating wholesale clubs and home centers are a concern—and they're snatching business from the small independents—but large discounters have service and selection over these other operators. Discounter formats should enable them to keep their share of the housewares pie.

Looking ahead to next year, no large supplier price increases are appearing on the horizon. That's a direct result of more moderate union demands, continued competition, the impact of direct importing by retailers and continued heavy competition among vendors.

Since direct importing is better suited for large retailers than small chains, we recently showed an assortment of 20 imported items—including glassware, cookware, steamer baskets, spice racks and chrome giftware—that attracted healthy interest. Not everyone can afford to send buying teams abroad.

New Moves

Corning is one manufacturer which has responded to consumers' value-consciousness by offering many new products and aggressively promoting much of its assortment. Anchor Hocking's competitiveness may also be pressing Corning into its heightened promotional stance.

Among Corning's new products, French White quickly copped nine of the top 15 category listings. Its upbeat gourmet look made it an instant winner in our markets.

Combined with Visions stovetop cookware, it's the heart of Corning's current offerings. Visions' transparency made the line distinctive enough to capture the No. 1, 3 and 5 spots. In its few months, Visions is already far more successful than Corning's metal-based stovetop line which never

(Continued on page 66)

2nd-Qtr. Net Sets Jamesway Record

SECAUCUS, N.J. — Jamesway reported record earnings for the second fiscal quarter ended July 28, 1984, of $3,276,000 on net sales of $115,844,000.

This compared to net income of $2,852,000 on sales of $103,034,000 for the second quarter of 1983.

For the first half of 1984, net income totaled $3,965,000 on net sales of $201,906,000 as compared to same-period 1983 earnings of $3,714,000 on sales of $178,759,000.

Herbert Fisher, chairman of the board, stated that second-quarter earnings results were achieved on a 9% store-for-store sales increase.

Arlie Lazarus, president and ceo, said that the company will open six more stores by the end of the year in Lancaster, Middletown, Luzerne, Allentown and Bethlehem, Pa., and New Castle, Del.

The company operated 79 stores at the close of the second quarter as compared to 76 a year earlier.

HOUSEWARES SHOW

H. J. Wilson, Macon, Ga., suspends direct lighting and hangs colorful kitchen textiles high as eye arresters, drawing shoppers into decorative kitchenware area of woodenware, tea kettles and tool sets. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	GLASSWARE			
1	1020 Riley 1-gal sun tea w/tap	1,441	6.29	9,063.89
2	0020 Riley 1-gal sun tea jar	2,190	3.59	7,862.10
3	15401 G/H glass drinking jar w/hndl	5,345	1.25	6,681.25
4	274-M A/H jar, 1 gal, sqr/metl, screwtp	1,375	4.67	6,421.25
5	80540065 Durand set, 20-pc, rattan dnnrwr	129	33.29	4,294.41
6	3053351 Durand antique sld bwl, 9¾"	761	4.49	3,416.89
7	515 Libbey 4-pk wine citain, tall, 6 oz	448	7.46	3,342.08
8	905 Libbey 4-pk cooler, chivalry, crystal	558	5.84	3,258.72
9	1090 Riley 1-gal all bev w/tap	506	6.29	3,182.74
10	9016809 Durand palais stm gblt, 8¾ oz, 4P	214	14.39	3,079.46
	GADGETS			
1	GX-100 Tric filter bskt, generic (100 pk)	13,548	0.89	12,057.72
2	107 Sw cn opn "Jr," sml hand, asst	3,600	2.69	9,684.00
3	PA4-100 Mlt cone fltr no 4 (6 cup) 100 ct	2,772	3.41	9,452.52
4	407-A Sw cn opn, "5 Yr," hand, almond	1,705	5.39	9,189.95
5	PA4-40 Mlt cone fltr, no 4 (6 cup), 40 ct	5,484	1.52	8,335.68
6	8153-2 Sunbeam timer, shrt rng, almond	958	8.09	7,750.22
7	407-C Sw cn opn, "5 Yr," hand, choc	1,428	5.39	7,696.00
8	102-AC R/K refl bowl, 8", plug-in element	2,520	3.05	7,686.92
9	PA6-100 Mlt cone fltr no 6 (10 cup), 100 ct	2,082	3.59	7,474.38
10	101-AC R/K refl bowl, 6", plug-in element	2,700	2.60	7,020.00

Source: Bacar, distributors, San Jose, Calif., for the July 3 to Aug. 13, 1984, period, covering 658 stores, including 480 mass merchandisers. Average retail prices reflect typical price points for mass merchandisers.

PMA
PRODUCT MOVEMENT AUDIT

Economy

(Continued from page 62)

caught on.

One of our hottest categories is closet, powered by the popularity of Corr/Pak, various utilitarian corrugated storage boxes for under-bed and top-of-closet that bear little fashion element except for a simulated wood grain finish on some items. Their prices range up to $16.99 retail for a four-drawer chest.

Simply, people living in smaller spaces need more organization and less clutter. That trend will continue, since high housing costs are causing smaller structures to be built.

Surprisingly, closet organizers didn't produce the turns we thought we'd get. They're bulky items, and we're downplaying them.

Since the April introduction of Lola Extend-A-Puff and Extend-A-Squeegee—which are now our No. 1 and 2 cleaning items—we've seen a strong pickup in the cleaning/chemicals category. Their handles extend to 6 ft., which is a simple concept that no one had before; that feature helped these items forge rapid market penetration.

Making a smaller splash in the category is the new Willert toilet bowl fresh deodorant tree, currently our No. 4 item. Its tree display generates impulse sales.

More Winners

Cookware and bakeware, which are in a stable price pattern this year, continue to be dominated by the Wear-Ever Preferred fry pans. Wear-Ever's 5-piece Premium Chef Set, made of heavier aluminum, is in ninth place, which further reflects consumer willingness to trade up. T-Fal, a French import, remains a category mainstay.

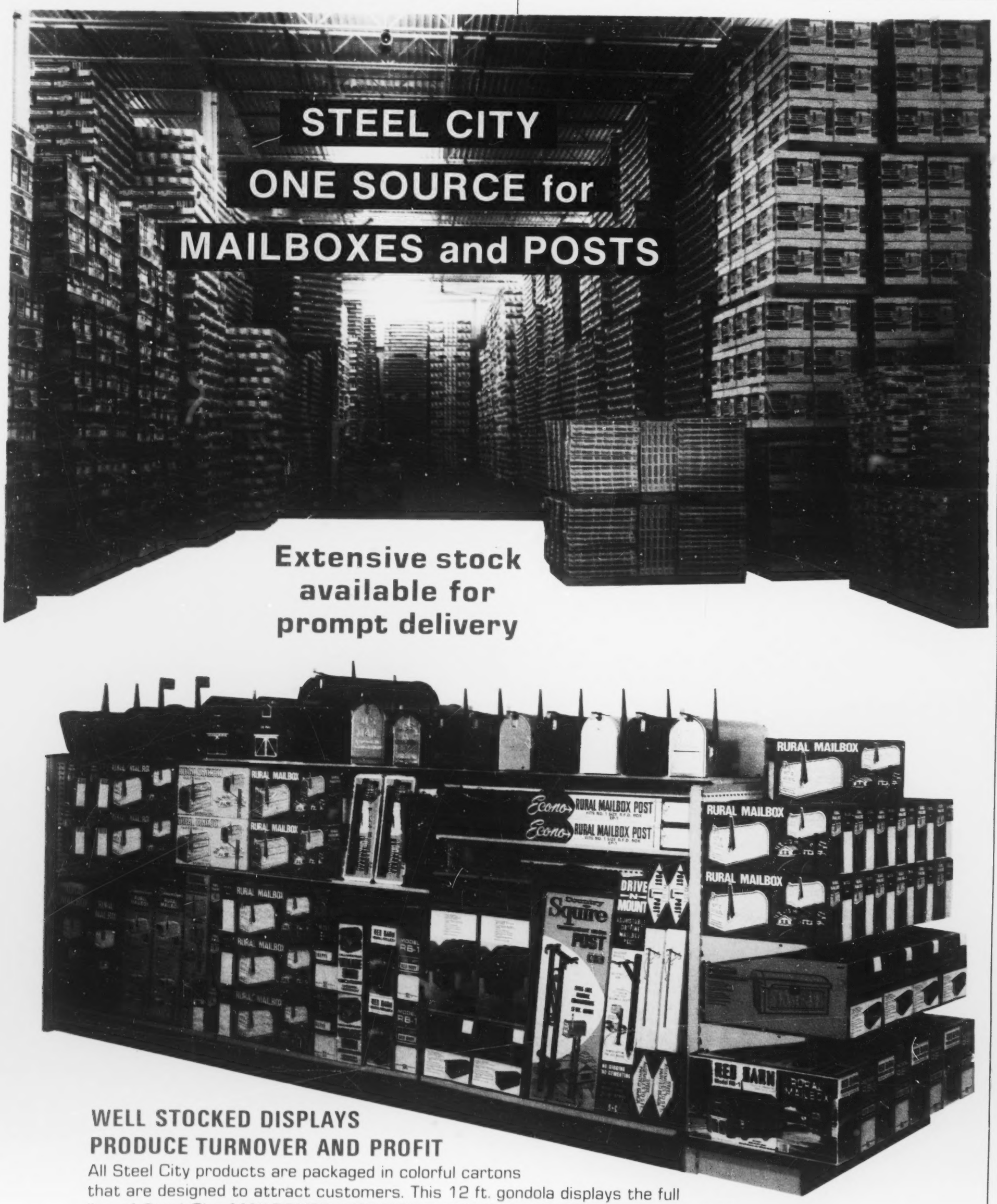
Consumers' increased sophistication about how to use their microwave ovens is contributing to strong category growth of many accessories. Single-serve dishes and special function items, such as corn poppers, browning grills and the Nordic Micro-Go-Round rank among the best sellers.

In our markets, Anchor Hocking, Nordic and Corning pretty well split up the category. Litton is not as strong here, and Rubbermaid's Cookables and Heatables line—which replaces its first failed entry—is too new to yet have impact.

Drinkware movement tells us that crystal and very light solid tints are favored, while patterns are out. An industry-wide surprise in jars is the continued popularity of the Riley 1-gal. Sun Tea jar, our No. 2 item which was outstripped only by its new version with a tap. The latter sells for about $3 more, and both are strong sellers year-round now.

Crown Stock Split

MINNEAPOLIS — Crown Auto, the 52-store Midwest auto parts chain, has issued a stock split in the form of a 50% stock dividend, payable to shareholders of record Sept. 4, 1984.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HOUSEWARES SHOW

Supply Situation Improves

By ARNOLD REINHARD
General Sales Manager, Schreiber Company

The housewares supply picture has changed markedly for the better since 1984 reached its midpoint. Manufacturers who kept inventories lean because of interest rate pressures early in the year are now maintaining supplies even with orders—despite intensified rate pressures that have come to pass.

Earlier commitments by retailers—who are extending their forecasts to eight months out and more, up from the common six-month practice—have helped this to happen.

Vendors and retailers are optimistic this year, and don't want supply shortages hindering an anticipatedly strong Christmas season. Discounters are experiencing 10%-25% category sales growth this year, and expect 10%-15% volume gains in 1985.

Our trading area, which includes the Northeast, Southeast, mid-Atlantic and North Central states, has been generally strong for housewares volume—except for some highly industrialized areas.

For the first time in two years, discounters are adding sku's to their mixes—particularly higher-ticket, higher-margin microwave cookware and accessories, and closet storage items. Trade-up efforts in these segments contrast with the intense pressure to keep prices down on most housewares.

For example, cookware and bakeware prices have dropped

(Continued on page 77)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CORNING			
1	A338 Trio set, spice	884	20.66	18,263.44
2	A33 Trio set, cornflower	716	17.81	12,751.96
3	Cov saucepan, 1 qt	730	10.48	7,650.40
4	V-20 1.5-qt dubl blr	208	20.98	4,363.84
5	A-5-8 5-qt saucepan spc	150	25.08	3,762.00
6	A-3-8 cvrd saucepan, 3	175	19.40	3,395.00
7	A-3 cvrd saucepan	176	17.69	3,113.44
8	V-1.5 cvrd pan, 1.5 qt	246	12.58	3,094.68
9	V-3.5 cvrd stm/stw	160	18.50	2,960.00
10	V-7 saucepan, 1.5 pt	300	9.07	2,721.00
11	V-5 cvrd saucepan, 5 qt	93	17.23	1,602.39
12	P-104-8 6-cup teapot	96	15.78	1,514.88
13	P-104 6-cup teapot	104	13.96	1,451.84
14	P43W petite pan set	147	9.64	1,417.08
15	A337 Trio set wldflwr	60	20.66	1,239.60
	PYREX			
1	3250-S 2-liter jug	1,254	4.43	5,555.22
2	2330 Bake dish & basket	364	14.62	5,321.68
3	6840 Cssrl & basket	268	14.62	3,918.16
4	8014 Store & Pour	912	4.02	3,666.24
5	7020 2-qt cssrl & basket	212	14.62	3,099.44
6	300-61 Bowl set, frst	276	10.84	2,991.84
7	463-D 6-oz custard	864	3.05	2,635.20
8	95 Mix bowl set, 3 piece	324	7.07	2,290.68
9	229 9" Deep pie	864	2.58	2,229.12
10	2320-F 2-qt Dish & basket	200	9.80	1,960.00
11	325 2.5-qt Mix bowl	708	2.74	1,939.92
12	470-95 Bak/Str col m	143	13.50	1,930.50
13	233 Utility dish, 3 qt	330	5.63	1,857.90
14	213 Loaf dish	606	2.89	1,751.34
15	234 4-qt baking dish	234	7.40	1,731.60

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MICROWAVE			
1	Micr PM486/T1 divided plate	2,988	5.13	15,328.44
2	Micr PM481/T1 utility pan	2,736	5.13	14,035.68
3	Micr PA600/122 turntable	398	28.22	11,231.56
4	Micr PM469/T1 bacon rack	1,967	5.13	10,090.71
5	Micr PM446/T1 Rd bacon rack	1,884	5.13	9,664.92
6	Micr PM447/T1 muffin pan	1,632	5.13	8,372.16
7	Corning MW-2 MW browning grill	259	26.72	6,920.48
8	Micr PM444/T1 bake sheet	1,260	5.13	6,463.80
9	Micr PM498/T1 Bundt cake pan	1,124	5.72	6,429.28
10	Micr PM400/126 popcorn popper	636	9.45	6,010.20
11	Corning MW-83-W menuet browner	369	13.59	5,014.71
12	Micr PM459/T1 baking ring	888	5.13	4,555.44
13	Micr PM 490/T1 loaf pan	858	5.13	4,401.54
14	Litton A5026 2-qt obl bake mw	582	7.41	4,312.62
15	Micr PM400/129 Sidedishes	942	4.35	4,070.70
	RUBBERMAID			
1	2864 Swingtop basket, chocolate	930	7.32	6,807.60
2	8765 Ice tray display	4,782	1.37	6,551.34
3	2864 Swingtop basket, almond	840	7.32	6,148.80
4	0450 Bath mat, light blue	2,123	2.74	5,817.02
5	2965 Laundry basket, yellow	1,133	4.98	5,642.34
6	2965 Laundry basket, chocolate	1,132	4.98	5,637.36
7	0450 Bath mat, white	1,944	2.74	5,326.56
8	2864 Swingtop basket, yellow	690	7.32	5,050.80
9	2965 Laundry basket, almond	962	4.98	4,790.76
10	3063 Gal pitcher, chocolate	1,343	3.42	4,593.06
11	0450 Bath mat, almond	1,524	2.74	4,175.76
12	2843 Hooded can, chocolate	328	12.60	4,132.80
13	0450 Bath mat, chocolate	1,452	2.74	3,978.48
14	3063 Gal pitcher, almond	1,050	3.42	3,591.00
15	2858 Step-On can, chocolate	308	11.26	3,468.08

(Continued on page 77)

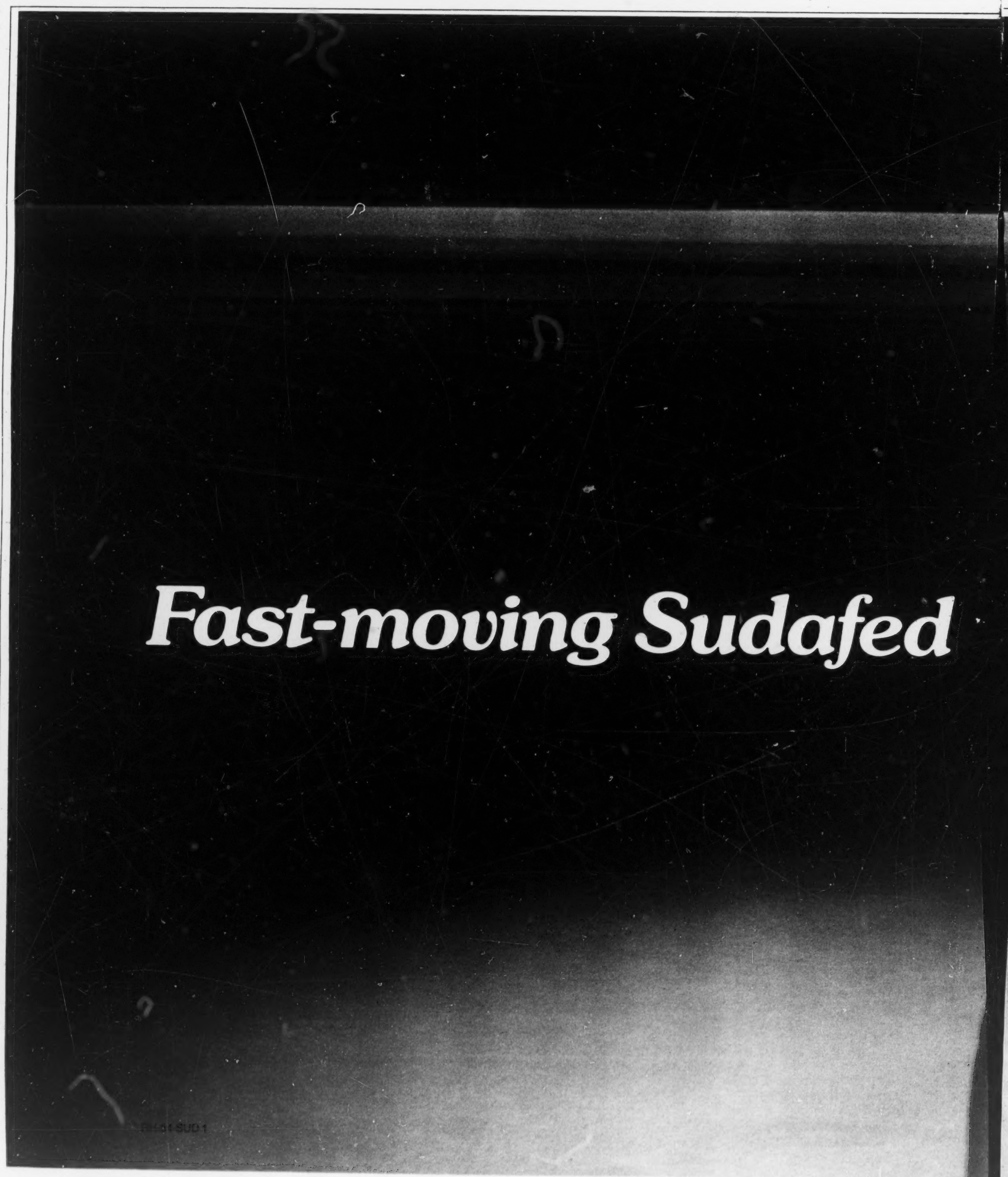
Heck's Net Drops For Quarter, Half

NITRO, W. Va. — Heck's reported sharp drops in net income for the second quarter ended June 30, 1984, and for the half. For the quarter, net income was $1,394,000, or 16¢ per share on net sales of $111,644,000. This compared to same-quarter income a year ago of $2,639,000, or 29¢ per share on sales of $102,427,000.

For the first half of the fiscal year, net income totaled $1,904,000, or 21¢ per share, on sales of $204,718,000, vs. 1983 half-year income of $3,065,000, or 33¢ per share, on sales of $192,073,000.

According to the chain's second-quarter report, Heck's quarter and six months' earnings lagged behind last year's corresponding periods primarily as a result of "internal programs keyed to the modernization and upgrading of almost all of the company's stores chainwide."

The program involves 115 of the company's 123 stores in nine states, and is expected to be completed this month.



HOUSEWARES SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	BATH SHOP			
1	Mayfair 66TT toilet seat, white	1,559	7.50	11,692.50
2	Naut N8773 essex oak cbnt	190	36.92	7,014.80
3	Selfix 443 portable shower	797	7.98	6,360.06
4	Naut N323LW ventura cbnt	142	40.60	5,765.20
5	Kellogg 215 bowl brush tamp	4,848	0.98	4,751.04
6	Selfix C-441 shampoo spray	2,772	1.70	4,712.40
7	Mayfair 13D toilet seat, white	374	12.15	4,544.10
8	Naut N407BC vanguard cbnt	190	20.71	3,934.90
9	Selfix 2208 tissue holder	3,216	1.20	3,859.20
10	Mayfair 44D toilet seat, white	379	8.92	3,380.68
11	Count 410N-90 wicker scale, white	211	14.14	2,983.54
12	Mayfair 13D toilet seat, blue	206	12.15	2,502.90
13	Ekco 38170 24" towel bar	996	2.34	2,330.64
14	Ekco 38110 18" towel bar	1,163	2.00	2,326.00
15	Mayfair 13D toilet seat, brown	171	12.15	2,077.65
	CLOSET SHOP			
1	Mabx 288 moth balls, 1 lb	7,484	1.19	8,905.96
2	Lee 3X66 garment rack, brown	686	12.32	8,451.52
3	Wall 616 expand coat rack	3,348	1.26	4,218.48
4	Mabx 287 moth flake 1 lb	3,237	1.19	3,852.03
5	Corr M755 3-piece skirt hanger	1,944	1.82	3,538.08
6	Corr M766 4-tier skirt rack	1,104	2.18	2,406.72
7	Corr C2806 underbed ch cd	1,728	1.34	2,315.52
8	Mabx 447 para nugts 2.5	549	4.20	2,305.80
9	Corr W840H 2 wood pnt hanger	1,704	1.33	2,266.32
10	Mabx 539 cedar moth cake	2,496	0.87	2,171.52
11	3X11 W841H wood skirt hanger	1,608	1.33	2,138.64
12	Mabx 128 hang block asst	1,728	1.20	2,073.60
13	Lee 3X72 tension closet rod	240	7.94	1,905.60
14	Corr W2410 stor chest wal	1,128	1.62	1,827.36
15	Mabx 457 heart freshener 3 p	1,728	1.00	1,728.00

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COOKWARE			
1	Ghsw 0707 21-qt cvrd canner	1,650	13.77	22,720.50
2	Regl W3270 10" gourmet pan	2,891	5.04	14,570.64
3	Mirro MO512 press cann, 12 qt	240	57.78	13,867.20
4	Foly 397-79 7-piece cook set	452	26.33	11,901.16
5	Regl W3271 12" gourmet pan	1,548	7.58	11,733.84
6	Norm 507 7-qt blancher	1,056	8.91	9,408.96
7	Regl W3269 8½ gourmet pan	2,351	3.36	7,899.36
8	Ekco 64100 cookie sheet	2,100	2.86	6,006.00
9	Ekco 64330 oblong cake pan	2,088	2.86	5,971.68
10	Wear 26014 10½ griddle	486	11.53	5,603.58
11	Mirro MO932-36 tea ktl cho	1,104	4.93	5,442.72
12	Kenc MB-13 13-qt SS bowl	984	5.06	4,979.04
13	Mirro W0788-34 fry pan, 12	486	9.69	4,709.34
14	Stnc 602-8 burn bib fital	3,648	1.28	4,669.44
15	Stnc PC500-8 burner big ge	3,624	1.28	4,638.72
	CLEANING/CHEMICALS			
1	Texize 087 Glass Plus refill	24,060	1.60	38,496.00
2	Texize 271 Fantastik spray	19,404	1.75	33,957.00
3	Dow 3264-9 bath cleaner, 17	9,720	1.56	15,163.20
4	Drackett 295 10-oz Endust, lemon	5,352	2.83	15,146.16
5	Boyl 215 Spray starch, 22	10,884	1.31	14,258.04
6	Lehn 2291 Lysol spray, 12	5,016	2.83	14,195.28
7	Lion 4054 12-oz Hum-I-Dri	12,288	1.13	13,885.44
8	Lehn 2530 Basin Tub Tile, 17	7,824	1.70	13,300.80
9	Purx 1627 Trend 147 oz	2,708	4.69	12,700.52
10	Lehn 2845 Lysol Scent 11	4,356	2.83	12,327.48
11	Drackett 293 10-oz Endust	4,284	2.83	12,123.72
12	Purx 3007 Brillo pad, 18 ct	8,640	1.30	11,232.00
13	P&G 4967 Downy Concentrate, 21	3,552	2.91	10,336.32
14	3MCO 4101 Scotch Guard, 16 oz	1,872	5.28	9,884.16
15	Amcy 40175 Pine Sol, 34 oz	3,348	2.93	9,809.64

(Continued on page 79)

is now moving into TV

The plan that produced these dramatic test market results is now moving into national network TV, reaching 96% of all American households.

And remember, SUDAFED® is already a fast-moving item: first in sales among nasal decongestant tablets** and first in recommendations by doctors and pharmacists.***

Don't miss the show. Stock up on the entire SUDAFED line... then watch it *move*!

Burroughs Wellcome Co.
Research Triangle Park, N.C. 27709
Greenville, N.C. 27835

*Data on file, Burroughs Wellcome Co. (Jan-April 1984 vs. Jan-April 1983) **Data on file, Burroughs Wellcome Co. Unit and dollar sales, 12 months ending June 1984. ***Data on file, Burroughs Wellcome Co.

PMA PRODUCT MOVEMENT AUDIT

Supplies

(Continued from page 76)

10%-15% during the past year-and-a-half because Du Pont lowered its restriction on the minimum gauge metal that must be used with SilverStone. On top of that, manufacturers led by Corning are offering about 20% more specials in the second half of 1984 than last year.

Suppliers such as Foley and Mirro have already held back planned price hikes in 1984. Generally, retailers don't have to fight as hard for ad dollars and deals as in the recent past.

The strength of the dollar overseas and heightened discounter importing efforts have done a lot to help moderate prices, especially in cookware. However, we see aluminum prices edging up into 1985, and expect that plastics prices will too, since oil costs are climbing again.

In glassware, domestic suppliers such as Libbey and Anchor Hocking are working close to the vest to stem further encroachment by French imports from Durand and Mexican imports from Crisa.

clear inventory of boxed goods overstocks and gain market share in a crowded field. Wheaton was hurt by this latest round, and retailers question the company's current vibrancy.

Little Change Seen

Discounters also cited little sales impact from Libbey's rim chippage guarantee, introduced at the April Housewares Show.

Stemware, with volume now nearly equaling tumblers, is emerging as a category bright spot because of the continued popularity of wine drinking.

Microwave cookware is our fastest growing category, up 20%-25% in 1984, as discounters increase sku's across the board and improve their cross merchandising efforts with microwave ovens. In our trading area, Anchor Hocking dominates the category listing, while Corning, Nordic and Litton are doing well. Rubbermaid, which just replaced its first line of microwave cookware with a more moderately priced line, hasn't caught on yet.

The addition of SilverStone to microwave cookware has had virtually no impact on the category. No one has ever shown a

(Continued on page 79)

Gourmet Show Due Nov. 11-13

NEW YORK — The Third New York Gourmet Products and Tabletop Show, set for Nov. 11-13 at Passenger Pier Terminals, is expected to have 1,000 exhibitors, up 25% over last year.

More than 7,000 buyers should attend the show, which will incorporate tabletop merchandise into its format for the first time, said co-producer National Fairs president Leonard Rogers.

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HOUSEWARES SHOW

PRODUCT MOVEMENT AUDIT

Supplies

(Continued from page 77)

need for it. Food sticking to dishes is not a major drawback to microwave use.

Closet and storage is a strongly developing area for discounters. It's gaining its own identity as a category rather than just a section. Chains are broadening their assortments, including $80-$120 organizers which they generally buy direct; improving adjacencies, as they place it near bath departments and domestics, and taking a strong promotional posture, especially with colored plastic hangers. The category is becoming more and more promotional.

In small plastics, Rubbermaid Servin' Savers line has boosted our food storage volume 10% this year and is bound to heighten the category's visibility.

In gadgets, discounters are largely dropping the low-end $1 items, leaving that business to grocery chains, which are shopped more often and can command the turns. Discounters are able to improve their presentation by coordinating colors, grouping by usage and taking advantage of better packaging graphics.

Promising Area

Chemicals benefited from this year's heavy rains, which created excellent demand for insecticides and made Johnson's Raid one of our best sellers. People looking for more effective control are now stepping up to $6 and $7 indoor foggers, from the $1-1.50 spray can they used to buy.

There's also greater consumer awareness of scent control to make homes attractive. This has given air fresheners a strong promotional boost this year.

Tableware movement, which has suffered lately because of the glut of 20-piece import sets on the market, is coming back a bit. Corelle is performing strongly, and will seek price advantages with deep price cuts later this year. Overall, tableware prices are the same as in 1983 because of extensive competition. We expect a strong second half in flatware based on promotional successes of 20- and 25-piece sets at $9.99, and stable cutlery performance.

Corning's extensive promotions of Visions cookware has made it a hot seller in single pieces and sets up to $30. French White is not selling as well. Corning's spice-patterned vessels are its best; cornflower is still good, while many discounters have dropped wildflower.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	GLASSWARE			
1	Kerr 521 sun tea jar, 1 gal	6,520	1.52	9,910.40
2	Anchor 3600/810 bev set, 24	707	10.29	7,275.03
3	Kerr 519 widemouth qt jar	674	7.11	4,792.14
4	Kerr 518 widemouth pt jar	748	6.24	4,667.52
5	Kerr 503 reg pint jar	839	5.39	4,522.21
6	Kerr 105 8-oz jelly jar	750	5.70	4,275.00
7	Kerr 505 reg qt jar	633	6.37	4,032.21
8	Anchor H88F 2-qt meas bowl	846	3.77	3,189.42
9	Drnd 8001356 diamt bowl, 9	1,040	2.68	2,787.20
10	Drnd 8050130 24-pc, Lancer	156	15.05	2,347.80
11	Napc RP6 replacement bowl, 6	216	10.06	2,172.96
12	Drnd 8011017 diamt bowl, 5	2,496	0.87	2,171.52
13	Anchor N4032 gd lido tea, 22	5,873	0.30	1,761.90
14	Anchor W1070 bud vase, 9 in	2,268	0.77	1,746.36
15	Napc RP4 replacement bowl, 4	162	10.06	1,629.72
	TABLE TOP			
1	Corelle 16-6 16-piece set, brown	1,410	24.49	34,530.90
2	Corelle 16-4 set, gold	1,314	24.49	32,179.86
3	Corelle 16-1 set, green	1,276	24.49	31,249.24
4	Corelle 16-23 16-piece set, mb	1,140	24.49	27,918.60
5	Corelle 16-14 16-piece set, white	772	18.84	18,906.28
6	Corelle 16-5 set, blue	532	24.49	13,028.68
7	Corelle 35-23 35-piece lt blue set	86	59.07	5,080.02
8	Corelle 35-4 35-piece gold set	62	59.07	3,662.34
9	Corelle 35-1 35-piece green set	61	59.07	3,603.27
10	Corelle 35-6 35-piece brown set	37	59.07	2,185.59
11	Corelle 35 35-piece, white	29	59.07	1,713.03
12	Corelle 2020-13 20-piece set, md	32	49.84	1,594.88
13	Corelle 2020-12 20-piece set, in	30	49.84	1,495.20
14	Corelle 3216-34 slate 16-piece	36	36.27	1,305.72
15	Corelle 2020-7 20-piece st, wldflr	26	49.84	1,295.84

Source: Schreiber, Lititz, Pa., for the 30-day period ended Aug. 3, 1984, covering 600 stores, including 520 discount stores in the Northeast, Southeast, mid-Atlantic and North Central regions. Average retail prices reflect typical price points for discount chains.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	GADGETS			
1	Swin 407/1 Port Open Asst	1,643	4.23	6,949.89
2	Aluminum Hswrs 1574 4Pk Paring Knife	4,752	1.41	6,700.32
3	Trav 6666 Sunbeams	5,064	1.17	5,924.88
4	Brom 119 4 Sided Grater	3,906	1.47	5,741.82
5	Mirro E9631 Jar Lifter	1,200	3.56	4,266.00
6	Ekco 08652 Can Opener	2,796	1.44	4,026.24
7	Mirro E9604 Corn Cutter	1,284	2.85	3,659.40
8	Ekco 30401 Pan Turner Nylon	2,351	1.53	3,597.03
9	Arrow 13 Measure Cup Set	2,790	1.20	3,348.00
10	Ekco 30761 Small Turner Nylon	2,123	1.53	3,248.19
11	Alab 67024 Fly Swatter	9,792	0.33	3,231.36
12	Rhod 29006 Marktime Timer	474	6.38	3,024.12
13	Hook 73 Over Door Valet	2,280	1.29	2,941.20
14	Aluminum Hswrs 377 Adjstbl Cheese Slcr	2,602	1.13	2,940.26
15	Reed 190C Dustpan Copper	2,495	1.17	2,919.15
	SMALL PLASTICS			
1	Deka Plastics CB510 Care Bear mug	2,952	1.36	4,014.72
2	Selfix 2251 shower organizer	1,524	2.45	3,733.80
3	Deka Plastics CB950 Care Bear bowl	2,496	1.36	3,394.56
4	Arrow 0152 2-qt refrg bottle	2,507	1.34	3,359.38
5	Foley 253 nylon turner	4,506	0.63	2,838.78
6	Deka Plastics 740 ice cream cone mug	1,883	1.29	2,429.07
7	Deka Plastics CB530 Care Bear tumbler	1,968	1.13	2,223.84
8	Deka Plastics GR510 Garfield mug	1,440	1.34	1,929.60
9	Foley 254 nylon basting spoon	2,946	0.63	1,855.98
10	Arrow 073 Super Bowl Jr 22	2,697	0.64	1,726.08
11	Gess 576 Fat Cat coast st	1,751	0.98	1,715.98
12	Eagle 2757 juice bottle, 2 qt	1,116	1.51	1,685.16
13	Foley 268 nylon slot spoon	2,502	0.63	1,576.26
14	Alab 61992 cov coffee mug	1,680	0.84	1,411.20
15	Eagle 2755 1-qt juice bottle	1,349	0.99	1,335.51

Wal-Mart's Volume Up 37% For Aug.

BENTONVILLE, Ark. — Wal-Mart has reported net retail sales for August of $551,000,000, a 37% increase over the same period's sales a year ago of $403,000,000.

Sales for the seven months ended Aug. 31 reached $3,295,000,000, a 40% increase on sales of $2,356,000,000 a year ago.

Same-store sales increased 16% for August.

Club Is Hot!

Club is the market leader in CAST ALUMINUM cookware. No one comes close to our saleability and profit potential.

Club has the quality. Club has the price. And now Club has Duracast™, famous Club CAST ALUMINUM cookware priced right for promotion.

One look at the vivid, protective packaging tells you it's everything your customers are looking for and more.

Join Club and profit from our quality.

Club Products Company, Jacksonville, Arkansas 72076, 501-982-0555.

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The Leader In Cast Aluminum Cookware

Pick me up and feel the quality!
DURACAST
by Club Aluminum
10 INCH Cast Aluminum Saute Pan
• Heavy gauge CAST ALUMINUM for lasting durability and even heating
• Easy to clean non-stick Dupont SILVERSTONE
• Attractive almond CERAMIC EXTERIOR
• Easy grip OVEN SAFE HANDLE
• Cook with low heat setting for ENERGY SAVINGS
DU PONT SilverStone
Pick me up and feel the quality!
DURACAST
by Club Aluminum
11 INCH Cast Aluminum Griddle
• Heavy gauge CAST ALUMINUM for lasting durability and even heating
• Easy to clean non-stick Dupont SILVERSTONE
• Easy grip OVEN SAFE HANDLE
• Cook with low heat setting for ENERGY SAVINGS
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a Standex company

HOUSEWARES SHOW

Trade-ups, Promo Push Build Sales

By HAROLD RUBIN
President,
HalMar Distributors

Discounters keeping their department sizes stable have sought housewares productivity growth two ways this year: by stepping up to costlier, better quality merchandise where it makes sense, and by running special promotions more often.

Plastics and glassware remain highly suitable categories for this increased promotional activity. Discounters are advertising more and including more products in ads—which is the way they're catering to price-conscious consumers while trading up in other categories. One currently favored strategy is "your choice" ads which offer several items in a category at, say, 20% off rather than specific items only.

Overall, discounters are sticking with proven displays. Fashioning efforts to improve presentation and support trade-up efforts are already widely in place; major department resets under way are less common. Discounters may alter the colors and patterns they offer, or test particular categories, but are generally remaining stable.

At the same time, manufacturers have diminished their

(Continued on page 90)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CORNING			
1	V1 Visions 1-qt cvrd saucepan	7,089	13.49	95,630.60
2	V300 Visions 6-piece s pan set	1,620	43.37	70,259.40
3	F2 French White 2.5-qt oven cvrd cassrl	1,734	20.96	36,344.64
4	V20 Visions cvrd dbl boiler	1,164	26.99	31,416.36
5	P100 Minuette set, 3 piece	1,122	25.19	28,263.18
6	P168-57 Teapot, 8 cup, chocolate	1,178	23.12	27,235.36
7	P168-58 Teapot, 8 cup, lemon	1,118	23.12	25,848.16
8	P104-8 Spice teapot	1,351	18.89	25,520.39
9	F260 French White 3-piece set	771	30.14	23,237.94
10	F3 French White 10" pie plate	1,790	12.86	23,019.40
11	P168-60 Teapot, 8 cup, Blueby	962	23.12	22,241.44
12	P104 Teapot	1,180	17.09	20,166.20
13	F1 French White 2.5-qt cvrd cssrl	945	20.96	19,828.16
14	F14 French White 4-qt cvrd oval cssrl	669	28.16	18,839.04
15	A21-Corning roaster	818	22.49	18,396.82
	COOKWARE			
1	Ekco 64330 Bakers db cake pan	17,127	3.95	67,651.65
2	Ekco 64110 Bakers cookie sheet	14,412	4.40	63,412.80
3	Foley 38079 saute pan, 10"	6,192	8.09	50,093.28
4	Foley 38279 saute pan, 12"	4,284	10.79	46,224.36
5	Ekco 64100 Bakers cookie sheet	11,624	3.95	45,914.80
6	Ekco 64260 Bakers 12-cup muffin	9,305	4.76	44,291.80
7	Ekco 64260 Bakers roast/bake	7,507	5.39	40,462.73
8	Ekco 54110 cookie sheet	13,923	2.69	37,533.57
9	Hillside HM60SP spring form pan	4,185	7.19	30,090.15
10	Normandy 312G saucepot, 12-qt, bone	2,048	14.39	29,470.72
11	Mirro C5509/2292CN 9-cup percolator	3,214	8.99	28,893.86
12	Foley 28579 griddle, 11"	2,576	10.79	27,795.04
13	Mirro C7976/2706C 6-qt cvrd pot	3,043	8.99	27,356.57
14	Hillside HM50 SP layer cake-loosebot	3,498	7.55	26,409.90
15	Mirro C5507/2291 7-cup percolator	3,346	7.82	26,165.72

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	BATH			
1	Selfix N443 portable shower spray	4,241	10.34	43,851.94
2	Selfix 2253 shower caddy, lg	6,830	5.12	34,969.60
3	Selfix C441 shampoo spray	14,766	2.24	33,075.84
4	Magnolia M100 molded toilet seat, white	3,072	9.44	28,999.68
5	Ekco 38110 18" towel bar	9,697	2.69	26,084.93
6	Selfix 2110 twin hook	16,230	1.43	23,208.90
7	Ekco 38890 toilet tissue holder	8,949	2.51	22,461.99
8	Magnolia M3000A padded seat, white	1,280	17.54	22,451.20
9	Ekco 38170 24" towel bar	6,953	3.05	21,206.65
10	Selfix 2251 shower caddy	6,622	3.14	20,793.08
11	Ekco 38160 24" twin towel bar	3,978	4.76	18,935.28
12	Ekco 38120 12" towel bar	7,440	2.42	18,004.80
13	Selfix 2273 towel bar 18"	8,184	2.06	16,859.04
14	Selfix 2274 towel bar, 24"	7,416	2.24	16,611.84
15	Selfix 2298 tissue holder	7,488	2.15	16,099.20
	CLEANING/CHEMICALS			
1	3M FC4101 16-oz Scotch Guard	8,678	6.83	59,720.74
2	Texize 27k Fantastik spray, 32 oz	17,654	2.60	45,900.40
3	Johnson 0339 Pledge, lemon, 14 oz	10,982	3.23	35,471.86
4	Texize 084 Glass Plus spray, 32 oz	12,008	2.60	31,220.80
5	D-Con 201 Ready Mix, 16 oz	8,464	3.32	28,100.48
6	Drackett 293 Endust, 10 oz	7,992	3.50	27,972.00
7	Drackett 154 Vanish auto grn, 12 oz	12,950	2.15	27,842.50
8	D-Con 50 Mouse Pruf, 2 oz	18,830	1.43	26,926.90
9	Lehn 2291 Lysol spray, 12 oz	6,835	3.77	25,767.95
10	Scotts P16 Liquid Gold, 16 oz, pourable	5,664	4.40	24,921.60
11	Procter Dawn liquid detergent, 32 oz	7,140	3.32	23,704.80
12	Noxell 01941 Lestoil, 28 oz	6,590	3.41	22,471.90
13	Scotts A14 Liquid Gold 14-oz aerosol	4,944	4.49	22,198.56
14	Drackett 156 Vanish, 48 oz	8,678	2.51	21,781.78
15	Johnson 01351 Raid wasp/hornet, 18 oz	4,239	5.12	21,703.68

(Continued on page 90)

May Shareholders Approve 3-2 Split

ST. LOUIS — May Department Stores announced that its shareholders approved a charter amendment which allows a 3-for-2 stock split, increases the number of authorized shares of common stock from 60 million to 100 million, authorizes a new class of preferred stock which can be issued on terms and conditions determined by the board of directors, and eliminates preemptive rights.

May president and ceo, David C. Farrell said: "The vote by May shareholders reflects their confidence in the ongoing success of our business plan and the growth of the May Department Stores Company. We are gratified by the large participation of our shareholders in this vote and for their continuing support."

Cohen, Wachtel Leave MBS

NEW YORK — Seymour Cohen and Arthur Wachtel have resigned as board chairman and executive vice president, respectively, of Merchants Buying Syndicate.

The two have also sold their stock in the buying service back to MBS, which they helped to found along with the company's president, Richard Schott.

ALL IT TAKES TO SUCCEED ARE THE RIGHT CONNECTIONS.
The phone accessory market is booming. So you'd better hook up with AT&T Do-It-Yourself Wiring and Accessories.
We have it all. Converters. Cords. Jacks. Adapters. All blister-packed. All with easy-to-follow instructions.
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Consumer Products

HOUSEWARES SHOW

Cookware, bakeware and accessories receive added identity play at Ellman's catalog showroom, Atlanta, which achieves homey appeal by using wood fixtures, plants and carpeting. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	GLASSWARE			
1	Anchor 3600/672A Entertnr set, 40 pc	2,221	30.59	67,940.39
2	Anchor 3600 Cry Newport, 24-pc	2,998	16.19	48,537.62
3	Libbey 81837D 18-pc Capri set, blue	2,388	14.39	34,363.32
4	Libbey 81837T 18-pc Capri set, twny	2,269	14.39	32,650.91
5	Libbey 81837K 18-pc Capri set, gold	1,879	14.39	27,038.81
6	Libbey 82437D B1 Count Squire	887	29.69	26,335.03
7	Libbey 82486D 24-pc Bolero, blue	1,350	17.99	24,286.50
8	Libbey 82486T 24-pc Bolero, twny	1,340	17.99	24,106.60
9	Anchor N4000/344 Gc Breeze, 24 pc	1,123	19.97	22,426.31
10	Anchor 4523 Wexford butter/cov	9,902	2.15	21,289.30
	TABLE TOP			
1	Corelle 16-23 16-piece set, MB	8,384	32.84	275,330.56
2	Corelle 16-4 16-piece set, gold	7,561	32.84	270,986.24
3	Corelle 16-5 16-piece set, blue	6,665	32.84	218,878.60
4	Corelle 16-1 16-piece set, green	5,744	32.84	188,632.96
5	Expressions 2020-13 20-piece, Meadow	2,101	65.69	138,014.69
6	Expressions 2020-12 20-piece, Ind Smr	1,931	65.69	126,847.39
7	Expressions 2020-7 20-piece, Wldflr	1,920	65.69	126,124.80
8	Corelle 16N 16-piece set, white	2,846	32.84	93,462.64
9	Dimensions IV 3216-32 16-piece set, Cin	1,907	47.69	90,944.83
10	Dimensions IV 3216-34 16-piece set, Slt	1,591	47.69	75,874.79

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PMA PRODUCT MOVEMENT AUDIT

Trade-ups

(Continued from page 87)

new product offerings. The emphasis at the April Housewares Show was more heavily on fashion than product innovation. New looks rather than new technology are in the forefront in 1984.

Therefore, no new housewares categories are being developed that retailers seem ready to adopt. Indeed, products introduced this year will have to win favor with better-informed buyers, who are planning their assortments armed with more of their own movement data than ever before.

In contrast with earlier in the year, when manufacturers intentionally kept inventories lean to minimize interest costs, they're flowing product more liberally now. That's partly a result of New England-area buyers projecting and ordering farther in advance.

Suppliers also realized that playing a defensive economics game made their market share vulnerable—particularly at a time when discounters are increasing their direct importing efforts, and a few major housewares manufacturers are assuming aggressive promotional leadership stances.

The continued economic rebound is driving discounter housewares sales to gains of 10% and more this year, with strength evident in most categories.

To capture some of that growth, more manufacturers are entering the rebate arena this year. Since only major suppliers can afford to advertise nationally, smaller firms are adopting rebates as a way to gain extra shelf exposure. It makes sense, because relatively few consumers who are spurred to buy a product because of a rebate ever actually request it.

Cookware and gadgets rank among our leading growth categories—continuing a trend we'd attribute to new household formations and a renewed social emphasis on home entertainment. We're seeing consumers buy second sets for their kitchens, so they can have a glass set for daily use and a metal set for entertaining. This

(Continued on page 92)

Watch your profits take-off.

Here's a great way to get your profits to soar. The ANCO High Flying Rebates.

No one else offers as broad an incentive program. While your customers save up to $5.50 in rebates on ANCO wiper blades, refills, winter blades, washer pumps and anti-freeze concentrate, your sales will take off.

And for you to tie into this promotion, we have lots of eye-catching point-of-purchase material for you. Including a colorful sale poster and a counter card with rebate coupons. It's all designed to let your customers know this exciting sale will save them money on quality ANCO products at your place of business.

The High Flying Rebates is another way we support our customers. With programs like this, and an exclusive national advertising campaign, it's no wonder ANCO is the No. 1 brand in the business.

To become a part of this program, simply fill out and send in the coupon below. Or call 1-800-241-0539. (In Ohio, call 1-800-548-2973). Please call between 8:00 A.M. and 4:30 P.M. EST and ask for the High Flying Rebates Profit Kit. We'll send you everything you need to get your profits soaring.

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Dividend Is Raised By Family Dollar

MATTHEWS, N.C. — Family Dollar declared a quarterly cash dividend on the company's common stock of 5½¢ per share, payable Oct. 15, 1984, to holders of record at the close of business on Sept. 14, 1984.

It is an increase of 37.5% from the preceding quarterly cash dividend of 4¢ per share.

Leon Levine, chairman, stated, "We are pleased to be able to substantially increase the cash dividend while at the same time continuing our aggressive store expansion program and maintaining our strong financial position free of any long-term or short-term indebtedness."

During the fiscal year ended Aug. 31, 1984, the company opened 127 new stores, increasing its total number to 762.

HOUSEWARES SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	MICROWAVE			
1	Corning M-W-2 grill	1,990	31.49	62,665.10
2	Anchor PM469/T1 mwave bacon rack	8,219	7.37	60,574.03
3	Anchor PM481/T1 mwave corn popper	3,741	13.49	50,466.09
4	Corning MW-11 browning grill	2,439	20.24	49,365.36
5	Corning MWA10 cvrd browning skillet	1,570	31.13	48,874.10
6	Corning MW116 5-piece set	1,125	35.99	40,488.75
7	Anchor PM481/T1 mwave versatility	4,016	7.19	28,875.04
8	Nordic 62304 Micro-Go-Round	609	43.19	26,302.71
9	Anchor PM444/T1 mwave cookie sheet	3,601	7.19	25,891.19
10	Anchor PM486/T1 divided dish w/cover	3,508	7.19	25,222.52
11	Anchor PM479/T1 mwave roast rack	2,945	7.19	21,174.55
12	Anchor PM497-W1 micro cook shelf	1,271	13.49	17,145.79
13	Corning MC6 divided dish	874	18.89	16,509.86
14	Anchor PM430TI mwave 4-qt sim cook	1,068	13.76	14,695.68
15	Anchor PM447/T1 mwave muffin tin	2,042	7.19	14,681.98
16	Corning M375 trio set	394	35.99	14,180.06
	PYREX			
1	233 Utility dish	11,235	6.74	75,723.90
2	463 D custard cup	18,568	3.77	70,001.36
3	516/Org measure cup	16,232	3.14	50,968.48
4	440-95 4-piece bowl set, colon	2,623	17.99	47,187.77
5	234 Oblong bake dish, 4 qt	5,270	8.90	46,903.00
6	508/Org measure cup	16,103	2.60	41,867.80
7	6230F Covered cssrl & bskt, Fsid	3,880	10.52	40,817.60
8	229 Pie plate	13,328	3.05	40,650.40
9	440-80 Bowl set, 4-piece, Shend	2,177	17.99	39,164.23
10	440-61 4-piece bowl set, Forest	2,099	17.99	37,761.01
11	213 Loaf dish	10,635	3.50	37,222.50
12	2330 3-qt Bake dish & bskt	2,066	17.81	36,795.46
13	300-95 3-piece bowl set, Colon	2,779	13.04	36,238.16
14	2320F 2-qt Bake dish & bskt	2,844	11.60	32,990.40
15	232 Utility dish	5,505	5.84	32,149.20

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	RUBBERMAID			
1	2864 Fliptop basket, chocolate	7,924	8.36	66,244.64
2	2965 Laundry basket, chocolate	10,793	5.75	62,059.75
3	2965 Laundry basket, almond	10,053	5.75	57,804.75
4	2850 Basket, lift lid, chocolate	6,707	8.36	56,070.52
5	6032 Drainer, almond	8,432	6.47	54,555.04
6	0450 Bath mat, white	14,628	3.59	52,514.52
7	2864 Fliptop basket, almond	6,240	8.36	52,166.40
8	0450 Bath mat, light blue	13,611	3.59	48,863.49
9	2850 Basket, lift lid, almond	5,842	8.36	48,839.12
10	6032 Dish drainer, chocolate	7,234	6.47	46,803.98
11	2858 Step-on wastebasket, chocolate	3,680	12.59	46,331.20
12	2951 Dishpan, almond	14,323	3.23	46,263.29
13	2951 Dishpan, chocolate	13,812	3.23	44,612.76
14	2845 Basket, chocolate	9,336	4.76	44,439.36
15	6008 Drainer, almond	7,732	5.66	43,763.12
	PLASTICS			
1	Tucker T334 trash can, 22 gal	3,846	8.99	34,575.54
2	Eagle E2757 2-qt juice dcntr, clr	15,972	1.97	31,464.84
3	Sterlite 7400 jumbo storage box	4,087	6.11	24,971.57
4	Loma 364 32-gal rfs cntnr, lckld	1,990	12.32	24,516.80
5	Sterlite 4400 lg storage box	4,631	4.49	20,793.19
6	Sterlite S2122 2-qt refrigerator bottle	10,389	1.97	20,466.33
7	Artisan 7375 fall flower 16-pc set	1,380	13.49	18,616.20
8	Artisan Cs53D decor cutting board	2,773	6.29	17,442.17
9	Eagle E2755 juice disp	13,207	1.25	16,508.75
10	Republic 156 freezette 1 qt	5,032	2.96	14,894.72
11	Artisan 7308 glenwood 16-pc del set	1,102	13.49	14,865.98
12	Sterlite 1100 Sm storage box	8,140	1.79	14,570.60
13	Republic 154 freezette, 1 pt	4,911	2.96	14,536.56
14	Foley 25368 nylon spatula, asst	15,583	0.89	13,868.87
15	Republic 162 freezette, 1 pt	3,005	4.49	13,492.45

Source: HalMar Distributors, Holyoke, Mass., for the Jan. 1 to July 16, 1984, period, covering more than 500 stores, including 400 full-line discount stores from New England to the Carolinas. Average retail prices reflect typical price points for discount chains.

BRECK INTRODUCES THE MOUSSE THAT REMEMBERS.

In a marketplace already filled with a herd of mousses, there's solid reasoning behind New Breck® Styling Mousse. Breck Mousse contains "memory" ingredients to lock in style that lasts without sacrificing body, shine or natural-feeling hair.

BRECK APPEAL:
New Breck Styling Mousse is priced 20% below other leading mousse products, giving Breck a strong price advantage to support our heritage of quality products at a good price.

And your sales will get a real boost from Breck's multi-million-dollar TV and print advertising and promotional campaign. Over two hundred million media-delivered high-value coupons, plus high-impact Point-of-Purchase floorstands. Stock up on the mousse that remembers.

NEW
BRECK
STYLING MOUSSE

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PMA PRODUCT MOVEMENT AUDIT

Trade-ups

(Continued from page 90)

is plus business.

Ekco Baker's Secret still cops six of our top eight cookware performance ratings, with utilitarian cake pans and cookie sheets as the leaders. It's still early to determine how successful its Classics line will be at discounters. Higher style, including fluted designs and scalloped forms, is supposed to justify the items' $1 higher retails.

The strength of price-oriented Foley pans and Mirro percolators tells me that shoppers may not step up so easily in this category.

Driven by heavy promotions, Corning's newest offerings—Visions see-through stovetop cookware and French White cook and serve vessels—rose to the top of that manufacturer's offerings. Clearly the heart of its assortment now, Visions takes three of the top four category listings, and French White three of the top 10.

The items' fashionability and four-color packaging also contribute to their popularity.

Interest Is Building

Corning, Anchor Hocking and Nordic currently split the best performance ratings in the growing microwave cookware category. The broadening assortment of products here caters to consumers' increased sophistication about how to use microwave ovens. Retailers are adding sku's, expanding footage and in some cases cross-merchandising with ovens, carts and cookbooks to keep the display area exciting. Manufacturers are holding up their end with more colorful and informative packaging.

They're also offering single pieces and sets at many different price points that allow discounters to tailor their mix. SilverStone-lined products have yet to make significant impact in our trading area. And we've yet to see if Rubbermaid can develop a strong consumer franchise in this category, with its new Cookables and Heatables line, as it has elsewhere.

Except for our leading glassware set, Anchor Hocking's 40-piece Entertainer, most of our category sales are in 16-24-piece sets. Smaller size sets, probably 12 pieces, should penetrate the market soon; that would enable discounters to maintain magic price points of $9.99 on promotion and up to $14.99 daily, depending on sets' design and configuration.

Roses' Sales Rise 7.5% For August

HENDERSON, N.C. — Roses Stores reported unaudited sales for August of $81,319,000, a 7.5% increase over August 1983 sales of $5,692,000.

Same store sales increased 13% for the month.

Year-to-date sales for 1984 were $492,121,000, a 13.8% increase over same period sales a year ago of $432,430,000. Same store sales increased 13% for the period.

The chain currently operates 192 stores in 13 Southeastern states, as compared with 243 stores a year ago.

APAA SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Freon 1001, 14 oz	285,806	1.68	481,297
2	Armor All Protector 10080, 8 oz	163,527	2.86	468,177
3	Raindance paste (appl pk)	69,409	6.72	466,706
4	Armor All Protector 10160 16 oz	69,366	6.00	416,473
5	Sealed beam, 6052, large square	44,527	9.30	413,967
6	Sealed beam, 6014, large round	96,010	3.42	327,970
7	Raindance liquid (appl pk)	48,578	6.73	326,832
8	Motorcraft oil filter	79,049	4.10	324,100
9	Turt Super hrd shell paste	82,424	3.85	317,249
10	Gumout 7450 jet spray 13 oz	135,588	2.19	296,530
11	Sealed beam 4652, low square	49,735	5.95	295,873
12	Air compressor w/gauge 165 PSI	10,815	26.42	285,689
13	Oil treatment, 15 oz	152,895	1.82	278,880
14	Snowhite Lit 'n' Easy 3431, gal	22,193	12.27	272,352
15	Armor All Protector 10320, 32 oz	24,568	8.97	220,448
16	Hydraulic floor jack, 2 ton	3,926	55.72	218,760
17	Turtle minute wax, 18 oz	39,578	5.43	214,829
18	Turt Zip wax liq car wash, 18 oz	87,601	2.38	208,753
19	Westl Bleche-Wite-Liquid, 30 oz	101,320	2.04	206,895
20	Auto bulbs 1157, 2 on a card	184,833	1.10	203,316
21	Quaker State deluxe 10W40	162,318	1.20	194,943
22	Snap Fix-a-Flat, 12 oz	133,349	1.45	193,756
23	Hydraulic floor jack, 2-ton mini	5,794	32.68	189,318
24	Freon a/c recharge kit 8850 om	25,241	7.00	176,737
25	Gumout carb clean 7518, 12 oz	69,321	1.90	169,443
26	Gunk Engine-Brite Aero, 20 oz	80,253	2.06	165,240
27	Pennzoil Multi-Vis 10W40	125,813	1.29	162,802
28	Chamois 2½ sq ft	27,528	5.78	159,001
29	Valvoline motor oil 10W40, qt	130,143	1.22	158,123
30	Auto ramp, 1-pc, pair	7,271	21.40	155,570
31	Armor All Protector 1304l, 4 oz	91,824	1.68	153,897
32	Roberk 16" wiper blade refill	61,328	2.44	149,762
33	Gallon gas can pull-up spout	42,808	3.31	141,651
34	Halogen sealed beam H6054, lg, sq	7,064	19.06	134,646
35	Rislone oil alloy 100QR, 32 oz	47,431	2.75	130,245
36	Quartz half fog light kit amb	4,820	26.68	128,573
37	Westl Bleche-Wite-Liquid, 32 oz	38,920	3.28	127,735
38	Pres hvy duty brake fld	68,329	1.83	125,178
39	Armor All Cleaner 30160, 16 oz	52,923	2.32	122,516
40	2-Gal gas can, flex spout	20,863	5.81	121,130

(Continued on page 120)

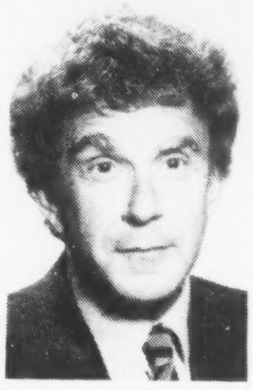
K mart, as seen in Hazlet, N.J., store spots private label car care chemicals against national brands and uses compared-to prices to play up lower prices of discounter's own line.

Wire Wheel Covers Are On a Roll

By HERB RECHTER
President,
Allied Auto Parts
and Auto Accessories

Seasonal chemicals, along with items that helped consumers maintain and improve the appearance of their cars, scored high on the automotive PMA for the February-July 1984, period.

PMA PRODUCT MOVEMENT AUDIT

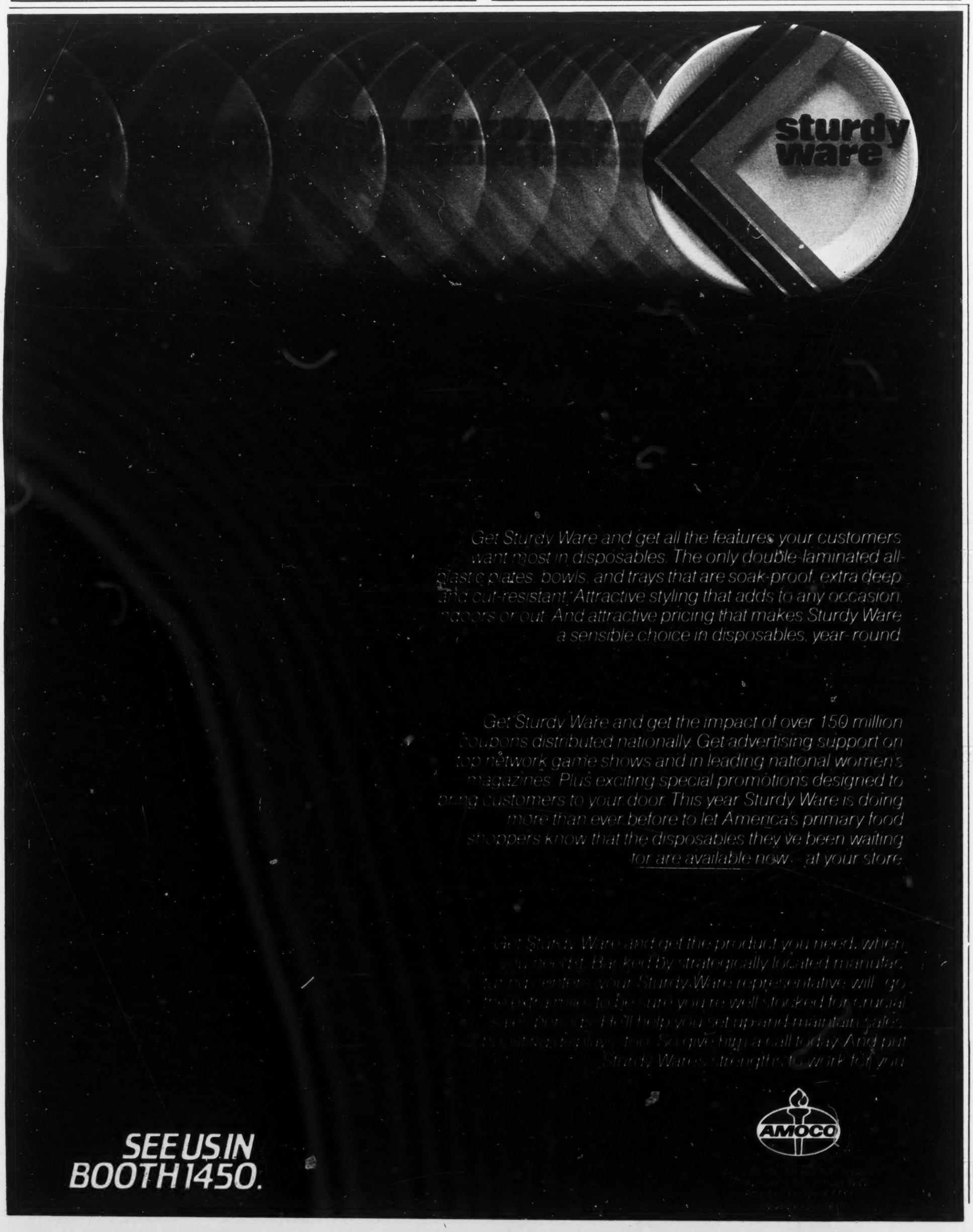


The interest in maintaining a car's appearance is also responsible for what has become a major new product in the auto accessories area: wire wheel covers.

Because this item only this year started capturing consumer interest, its impact on the PMA during the first part of the year was minimal—a 15-in. cover captured the 59 spot and a 14-in. cover showed up in the No. 73 position.

Key to the expected growing demand for wire wheel covers is the fact that wire wheels are original equipment on many cars and consumers will be looking to buy covers as a protection.

(Continued on page 120)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AMOCO

Ames' Sales, Net Reach New Highs

ROCKY HILL, Conn. — Ames reported record sales and earnings for the second quarter and first half of the fiscal year ended July 28, 1984.

Net earnings for the quarter reached $5,786,000, a 57% increase from last year's same-period earnings of $3,685,000. For the first half earnings rose 61% to $9,353,000 compared with $5,819,000 a year ago.

Total corporate sales for the quarter were $199,216,000, a 40% increase from sales a year ago of $142,507,000. Sales for the first half increased 48% to $357,438,000 from $241,553,000.

Herbert Gilman, chairman, said: "Our total corporate sales increases for the second quarter and first half do not reflect what Ames achieved during those periods, since last year's figures include sales of our former Florida division which was sold at year's end, as well as substantial wholesale volume which we eliminated this year.

"These operations generated low profit margins. Our earnings as a percentage of sales are increasing because of this, our expense controls and the efficiency of our new merchandising and management information programs.

"Because of the timing of the opening of an extraordinary number of stores last year, our discount department store rate of sales increase will continue to moderate during the balance of the year. But, we anticipate that the rate of our earnings increases will significantly exceed the rate of our sales increases through the remainder of the year."

APAA SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
41	Jack stand, 3,000 lb	27,704	4.90	121,000
42	J-Wax kit presoft PST WX	28,659	4.15	118,934
43	Pennzoil Multi-Vis 10W30	102,940	1.15	118,381
44	Blue Poly paste sealant, 16 oz	13,589	8.57	116,403
45	AC oil filters PF-25	28,405	4.07	115,551
46	Oil detergent black label CD-2	48,477	2.38	115,229
47	Turt Color-Back liquid, 16 oz	23,240	4.95	115,014
48	Quaker State sup blnd 10W30	98,018	1.15	112,720
49	Lee oil filter	34,931	3.13	109,159
50	Roberk 18" wiper blade refill	44,510	2.44	108,381
51	Sandable primer, gray	53,072	2.04	108,319
52	Sealed beam 4000, low round	35,096	3.05	106,937
53	Sim supr blu presoft pst	30,107	3.55	106,819
54	WD-40 aerosol, 9 oz	52,185	2.04	106,561
55	Roberk 16" wiper blades	43,340	2.44	105,749
56	Super hard shell liquid, 12 oz	35,401	2.96	104,751
57	Booster cable, sleeved, 12'	12,005	8.68	104,203
58	No 7 Car wash powder, 8 oz	40,566	2.57	104,092
59	15" Wire wheel cover	5,865	17.35	101,751
60	Blue Poly polymer seal liq, 16 oz	11,450	8.71	99,729
61	DL hand cleaner blu label	74,653	1.30	96,899
62	No 7 Rubbing compound, 12 oz	41,533	2.26	93,864
63	AC spark plugs R4STS-8BP	8,717	10.73	93,542
64	Warco Dot brake fluid 1002, qt	24,855	3.76	93,405
65	Warco Dot brake fluid 1001, 12 oz	64,133	1.45	92,800
66	Resin glaze liquid TR-3, 16 oz	18,560	4.98	92,465
67	Fan, oscillating, 6", 12 volt	5,229	17.64	92,234
68	Midget grease gun kit	9,992	8.86	88,559
69	Bars leak C-16, 12 oz	37,592	2.33	87,589
70	Snowhite Lit 'N' Easy 3305, qt kit	16,739	5.22	87,394
71	No 7 White polishing compound, 12 oz	38,319	2.27	86,945
72	AC oil filter PF-47	22,128	3.90	86,299
73	14" Wire wheel cover	4,971	17.32	86,077
74	Aerosol undercoating, 16 oz	49,217	1.74	85,736
75	Chamois, 3½ sq ft	9,664	8.78	84,869
76	Champion plug RV15YC4BP8	7,745	10.89	84,366
77	5-Gal gas can, flex spout	6,789	12.17	82,601
78	Sun tachometer Super Tach II	1,717	47.65	81,813
79	Turtle Minute Wax paste, 13 oz	15,058	5.35	80,515
80	Sandable primer, red	39,375	2.04	80,403

(Continued on page 123)

Cataloger H. J. Wilson mass-displays a wide variety of auto and hardware accessories in its Macon, Ga., showroom. Big-ticket items like booster cables and timing lights are featured. (DSN photo)

PMA PRODUCT MOVEMENT AUDIT

Covers

(Continued from page 118)

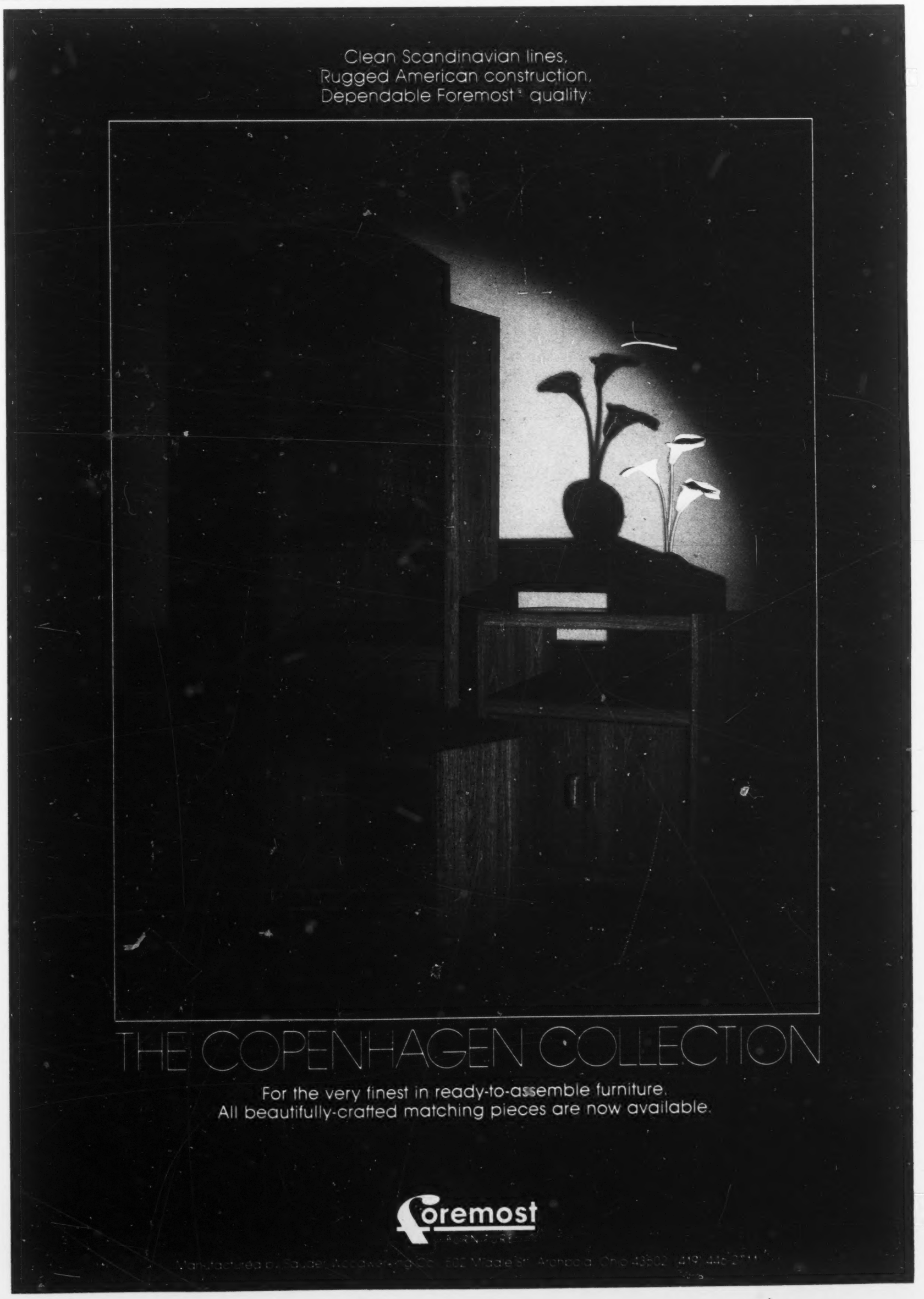
Aiding this trend was the drop in price points that made it feasible for discounters to carry covers in the under-$20 price range that is vital for tonnage sales.

The need to protect a car's appearance and/or original equipment has also helped to spark the sales of a major portion of the top-selling PMA items. The No. 1 item, Freon, is a case in point; it is used to refill car air-conditioning systems and was a hot product going into the summertime drive period.

The demand spilled over into a strong showing for a Freon a/c recharge kit as the No. 24 item on the report.

Waxes and polishes accounted for five of the top 10 PMA

(Continued on page 123)



CALENDAR

Oct. 9-12
NHMA: International Housewares Exposition, McCormick Place and McCormick Place West, Chicago.

Oct. 16-19
APAA: Automotive Parts & Accessories Show, Las Vegas Convention Center.

Oct. 17-18
NRMA: Store Managers Conference, New York.

Oct. 19-21
NSGA: National Sporting Goods Association Convention, Anaheim Convention Center, Anaheim, Calif.

Oct. 20-23
M.A.G.I.C. Fall Show, Los Angeles Convention Center.

Oct. 21-24
NRMA: Retail Systems Technology & Communications Conference, Toronto Hilton Harbour Castle, Toronto, Canada.

Oct. 27-Nov. 1
AGMC: 36th Annual Convention, San Antonio.

Oct. 28-31
NAMSB: National Association of Men's Sportswear Buyers Show, New York Coliseum.

Nov. 14-16
NMRI: Financial and EDP Conference, Chicago Marriott.

Dec. 6-7
NRMA: 10th Annual Store Planning, Design & Visual Merchandising Conference, New York.

Jan. 13-16, 1985
NRMA: 74th Annual Convention and National Retailers Business & Equipment Exposition, New York.

Feb. 15-17
National Back-to-School Merchandise Show, New York Coliseum.

Feb. 16-19
Variety Merchandise Show, New York Coliseum.

March 12-14
Miami International Auto Parts Accessories Show.

APAA SHOW

PMA PRODUCT MOVEMENT AUDIT

Covers

(Continued from page 120)

items, and reflected the continued strong showing of nonpolymer varieties. However, sales of polymer products, after slipping, seem to have stabilized, although at a lower volume level than in past years. Blue Poly paste sealant, for example, is No. 44 on the chart.

Two other top 10 items—in the Nos. 5 and 6 spots—were sealed beam headlights (and another item was No. 11). Their showing further illuminates the fact that consumers are holding onto cars longer and therefore facing the need to replace, on a DIY basis, such basic parts as headlights.

A Closer Look

Other replacement parts on the PMA included a wiper blade refill, No. 32, and a quartz, half fog light kit, No. 36. The latter was priced at $26.66, indicating that price isn't a bar to consumers' auto DIY activities.

Sales of equipment to carry out DIY auto maintenance work haven't been hampered by the big tickets that such items carry. An air compressor with gauge at $26.42 is No. 12, a 2-ton hydraulic floor jack at $55.72 is No. 16 and a 2-ton mini-hydraulic floor jack at $32.68 is No. 23.

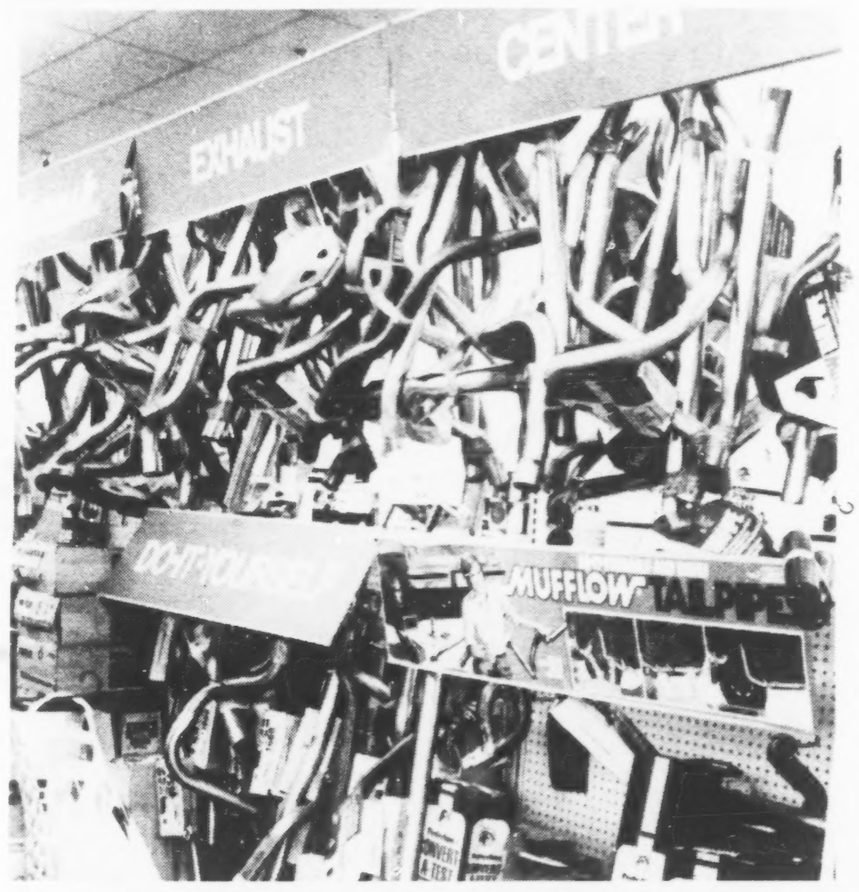
Two items that didn't show up on the PMA because of the diverse array of products available were seat covers and floor mats.

Trade-up Trend

In both areas, the trend is toward traded-up goods, especially among purchasers of new cars who want their covers and floor to remain new as long as possible and are willing to purchase better quality merchandise.

All the products on the PMA relate to either the inside or outside of a car. The one exception is the last item—No. 100 is rubber soundproof undercoat. The need to provide such protection is often overlooked by consumers, who become aware of this product when they see it offered by a retailer.

Enough discounters did, so it was last but not least on the PMA.



Manufacturer's signing in this Beaverton, Ore., G.I. Joe's uses how-to illustrations to help consumers with DIY replacement of mufflers, tailpipes and catalytic converters. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
81	Turt metallic polish paste, 13 oz	12,596	6.38	80,400
82	Raindance S'rm fin liq wax 18 oz	12,628	6.28	79,240
83	Gas treatment, 12 oz	43,740	1.80	78,688
84	Pylon 16" wiper refills 1016	32,766	2.40	78,638
85	Lee oil filter	23,286	3.37	78,497
86	Foot pump with gauge	12,426	6.31	78,370
87	GE silicone seal, clear 2, 8 fl oz	22,844	3.37	76,870
88	CD-2 Oil treatment red label	32,298	2.38	76,707
89	Bug/tar remover liquid, 16 oz	34,674	2.17	75,311
90	20" wheel wrench	13,213	5.66	74,798
91	Champion plug N12YCBP8	8,124	9.18	74,570
92	Fram oil filter	19,295	3.81	73,571
93	Yale power strg fluid 14 oz	37,833	1.93	73,131
94	Turtl ARSL upholstery clr T-250, 14 oz	27,074	2.69	72,856
95	Blue Coral Spray 'n' Wax, 20 oz	14,779	4.88	72,121
96	Gas treatment, 8 oz	58,190	1.23	71,748
97	Bone sponge 9"x5"x3¼"	44,578	1.60	71,324
98	Super hard shell liquid, 18 oz	20,825	3.42	71,221
99	Halogen sealed beam H4656, lo, sq	6,441	11.00	70,863
100	Rubber soundproof undercoat	23,726	2.98	70,798

Source: Allied Accessories & Auto Parts, Madison Heights, Mich., for the February-July 1984, period. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount auto departments. Average retail prices reflect typical price points for discount stores.

Grand Auto's Profit Dips 3.6% in Qtr.

OAKLAND, Calif. — Grand Auto, the 86-store automotive chain, reported second-quarter earnings of $1,440,000, down 3.6% from the same quarter last year.

Second-quarter sales were $39,833,000, a 10.2% increase over last year.

Earnings for the first six months of 1984 were $2,304,000, a 2.1% increase over the results for the first half of 1983.

G. C. Murphy's Net Edges Up in Qtr.

McKEESPORT, Pa. — G. C. Murphy reported net income of $4,717,000 for the second quarter ended July 26, 1984, as compared to $4,675,000 for the same period in 1983.

For the first 26 weeks of fiscal 1984, net income was $6,950,000, vs. same-period earnings a year ago of $6,377,000. At the end of that period, the company was operating 393 stores, 18 fewer than at the same time in 1983.

Charles H. Lytle, president and ceo, attributed the income gain to improved sales offset partly by lower merchandise margins, lower inflation rate projections for inventories, lower accrued inventory shrinkage reserves compared with the first half of last year, and favorable expense comparisons.

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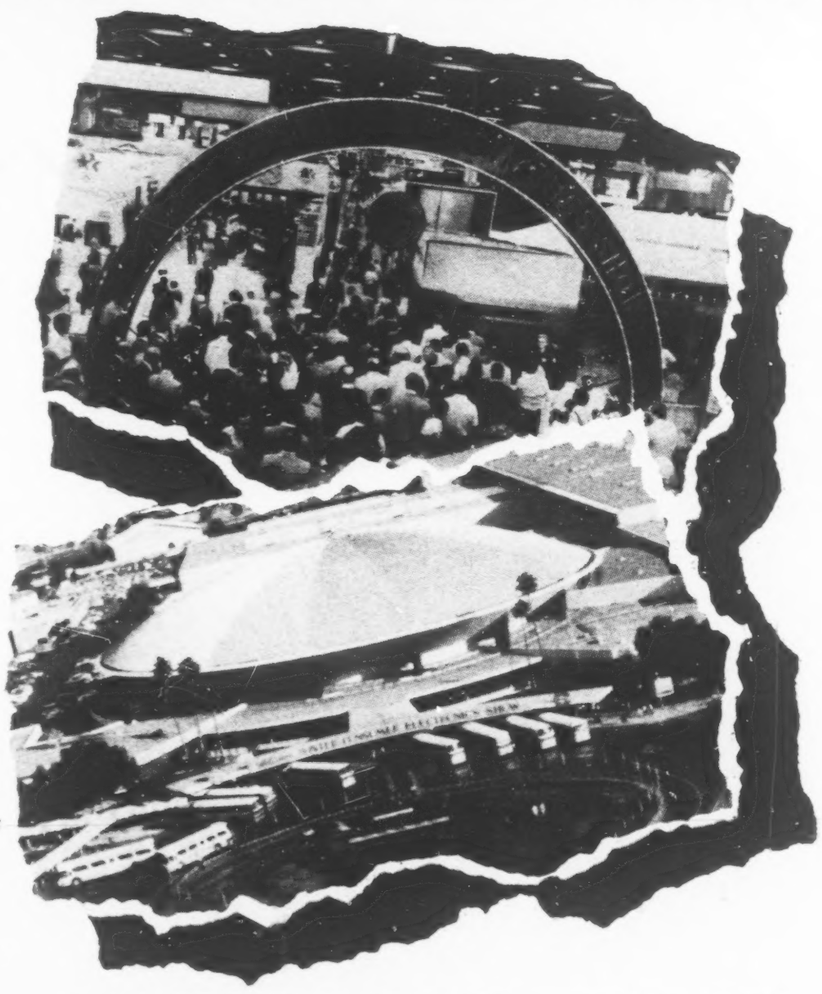

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BJ's Wholesale Club president Mervyn D. Weich anticipates each BJ's unit will generate $30 million in its first 12 months. Individual stores should hit $60 million "less than six years after opening."

Wholesale Membership Clubs Seen Exploding by 50% in '85

Nationwide DSN Report

The $2 billion wholesale membership club industry is exploding with surging unit counts, skyrocketing industry volume and expansion of the concept into more and more metro markets.

Next year, both unit count and industry volume are projected to grow by 50%. By the end of '85 the retail segment will have over 100 clubs generating close to $3 billion in sales.

Most importantly, a rapidly rising number of membership clubs, all operating on average razor-thin 10% or lower gross margin structures, are now competing directly for the first time.

By the end of 1984 there will be clubs operating in nearly 30 of the top 50 metro markets as chains seek footholds in thriving although distant cities.

See editorial, p. 4.

Head-to-head competition will exist in eight markets: Denver; Anchorage; Seattle and Tacoma, Wash.; Salt Lake City; Tampa/St. Petersburg; Miami and Fort Lauderdale.

In addition to rapid unit growth, the segment saw five new players enter the field since January. Those entries plus expansion by existing operators will more than double the industry's unit count from 32 at the start of '84 to 72 by the end of the year—pushing volume close to $2 billion for the current fiscal year.

Not listed are two hypermarket formats that don't sell to retail shoppers and don't charge a membership fee: New York-based Jetro and Netherlands-based Makro. (Swiss-operated Metro recently started to accept some retail shoppers.)

(Continued on page 30)

Zayre Is 2nd Major Discounter To Start Wholesale Club Arm

MEDFORD, Mass. — The Zayre Corporation has become the second major discount chain to enter the wholesale membership club fray, launching a new division which it hopes will contribute $1.5 billion to corporate sales by 1989.

Zayre unveiled BJ's Wholesale Club, as part of its growth-through-diversification effort, which already includes the original Zayre discount store arm and two off-price apparel chains. BJ's virtually duplicates the wholesale membership format originated by the Price Club chain.

(Wal-Mart was the first major discounter to enter the wholesale membership club field, with its Sam's Wholesale Club, currently operating five stores.)

Zayre plans to operate 25 BJ's by 1989, and expects each to generate $30 million after the first 12 months of operation, according to Mervyn Weich, president of the division.

Three BJ's have already opened. The first, in Medford, Mass., opened in mid-September, and the second and third, in Johnston, R.I., and Hialeah

(Continued on page 30)

Wholesale Membership Clubs Are on the March

Company and Headquarters	Sales, Last Complete Fiscal Year (in millions of $)	Store Count as of: 1/84	12/84	12/85	Markets
BJ's Wholesale, Natick, Mass.	—	0	3	4	Boston, Providence, R.I., Miami, **Hartford
Buyer's Club, Englewood, Colo.	—	0	1	2	Denver
Club Wholesale, Boise, Idaho	27	1	2	4	Boise, Idaho, *Las Vegas
Costco, Seattle	100	3	7	12	Anchorage, Seattle, Tacoma, Spokane, Wash., Portland, Salt Lake City, Tampa, Clearwater, *West Palm Beach, *Fort Lauderdale, Fla.
A. Howard, Monroe, La.	—	0	1	3	**Mobile, Ala., Shreveport, **Baton Rouge, La.
Metro, Chicago	—	3	3	NA	Chicago
PACE, Denver	50	1	6	NA	Denver, Charlotte, N.C., Atlanta, *Tampa & St. Petersburg

(Continued on page 30)

Digest

Oct. 29, 1984

AGMC CONVENTION

• ***DSN*'s special section on the** 1984 AGMC national convention in San Antonio includes the full agenda (p. 9); an overview by president Edward T. Borda (p. 10), and previews of general sessions and workshops (pp. 10-11).

HOUSEWARES

• **Off-pricer Housewares Plus** sharply limits its mix, focusing on a few brands (p. 18).

TOYS

• **Higher-priced preschool** items such as audio-visual products, playsets and furniture, are seen gaining (p. 19).

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Clear Congress

New Bills Affect Supply Sources

WASHINGTON — Major new Federal legislation affecting the discount industry's foreign and domestic supply sources cleared Congress just under the wire at the end of this year's session.

Before the House and Senate adjourned for the election campaign finale earlier this month Congress approved Sen. John Danforth's (R-Mo.) sweeping foreign trade bill stripped of the worst "protectionist" provisions opposed by lobbyists from AGMC, NMRI and other major retail groups.

In addition, the lawmakers passed an "improved" version of Sen. Charles Mathias' (R-Md.) controversial trademark counterfeiting measure setting new criminal penalties for "intentional" traffickers in bogus merchandise.

The Trade Bill, which strengthens the Government's power to retaliate against countries which restrict exports of American products, was the target of furious lobbying by

(Continued on page 30)

IN BRIEF

• **PRANGE WAY HAS UNVEILED A NEW PROTOTYPE IN** former Copps stores in Oshkosh and Lake Geneva, Wis. The changes include a separate area for licensed goods, along with the first-time merchandising of leather coats and videocassettes.

• **MASTERS MERCHANDISE MART HAS TURNED TO ITS** former head, Arthur M. Goldberg, to help restructure and solve the troubled cataloger's problems. Goldberg was elected a director and appointed chairman of the office of the chief executive by the company's main stockholder, Jessup & Lamont Securities.

Jan Clausing (top inset), Clover, and Julian Seeherman (bottom inset), Venture, at the housewares show. *(DSN photos)*

Growth Housewares Get Show Focus

CHICAGO — At this month's Housewares Show, the first ever held in the fall, discounters focused heavily on kitchen electrics, food storage, health care and knockdown furniture—categories they expect to grow in 1985 on the strength of product innovation and improved packaging. Mostly they found fashion rather than new products—such as primary color accents on tabletop and glassware; terra cotta in large storage; combination dinnerware sets with placemats and napkin rings; anodized cookware, and richer burgundy, black and gray hues in contoured foam furniture.

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Wholesale Clubs Are Seen Exploding to $3B in '85

(Continued from page 1)

In October alone, ribbons were to be cut on at least eight membership clubs around the country including two new entries. Union-Hall launched Buyer's Club in Aurora, Colo., outside Denver. Another, operated by the Howard Brothers family, founders of the Howard Brothers discount chain, was slated to open its first A. Howard Wholesale in Shreveport, La., at presstime.

Zayre's recent entry, BJ's, was scheduled to open its second and third units in Providence, R.I., and Miami this month. Sam's Wholesale, a year-old division of Wal-Mart, claimed the Birmingham and Charleston, S.C., markets in October. Value Club, a five-year-old San Antonio-based operation, pushed into Austin for the first time and Denver-based PACE was due to forge into Charlotte and Atlanta.

Seattle-based Costco was slated to move into the uncharted Anchorage market in October, but will almost instantly be challenged: next month Pay'n Save's Price Savers division will open a club in that market.

Other openings planned for November include three more PACE clubs: in Denver (its second there), Tampa and St. Petersburg. Sam's Wholesale will open three—its second in Dallas, one in Jacksonville, Fla., and one in St. Louis. Price Club's second East Coast club is set for Norfolk, Va.

Price Club is planning a December opening, marking its first in New Mexico, in Albuquerque. Sam's Wholesale will unveil its third in Houston that month.

With projections in from only two-thirds of the existing club operators, unit count can be expected to climb to at least 104 units next year.

For now, new units follow closely the format honed by industry leader, Price Club. Launched by FedMart founder Sol Price in 1976, Price Club is currently concentrated in California.

The club format relies on a two-tier price structure: Business members buying for resale pay an annual membership fee of $25 and wholesale prices for goods. Group members buying for private use pay no membership, and 5% over the posted in-store wholesale prices. At most clubs business clients make up the minority of the memberships but account for more than half of the volume.

Overall gross margins are whittled down to 10% and the pressure is on to cut them further on the 3,500 to 4,500 sku's bought (direct) on deal. Goods are cut-case and displayed on pallets. Institutional-size food items generate the most (20% to 25%) volume and basic apparel like jeans and underwear generate the least.

The drive to dominate the most attractive metro markets —marked by dense population, strong growth trends and high retail sales levels—is pushing chains to establish far-flung beachheads. In addition, those prerequisites resulted in many growth-minded chains and new players targeting many of the same markets. For example, both Costco and Price Savers went into Seattle, Salt Lake City, Tacoma and Anchorage.

This year, Florida markets—Miami, Tampa, Fort Lauderdale, Jacksonville and West Palm Beach—were also popular targets for clubs. Total retail sales in those markets range from $9.8 billion in Miami to $4 billion in West Palm Beach, according to the 1984 *Sales & Marketing Management Sales Guide.*

In Tampa/St. Petersburg, Costco and PACE will compete. In Fort Lauderdale, Costco will face Wholesale Plus, a 2-year-old home-town entry. In addition, BJ's Wholesale is moving into Miami, Costco is entering West Palm Beach and Sam's Wholesale is debuting in Jacksonville.

Further competition is cropping up this month in Denver where newcomer Buyers Club will go up against PACE.

Although some companies are going into directly competitive markets, others plan to keep out of direct fire as long as possible. Executives at Value Club, Club Wholesale and A. Howard all say they plan to stick to single-club markets.

It remains to be seen if the introduction of direct competition will seriously alter the club format. Traditionally, as competition intensifies, operators add trimmings to gain a competitive edge. But, the clubs' narrow-margin format leaves little room for frills—or operating error.

Still, even the successful operators are contemplating some changes.

At Sam's Wholesale, vice president Ron Loveless said the division is now looking at markets with less than the division's initial target market criterion of a year ago: $4 billion in total retail sales. In fact, total sales in Charleston, S.C., where Sam's opened this month, only has a retail sales level of $1.8 billion.

Likewise, several other clubs, including Price Club, have recently targeted markets with retail sales lower than $4 billion. All told, 10 markets with sales under that mark will have clubs this year.

Wholesale Membership Clubs Are on the March

(Continued from page 1)

Company and Headquarters	Sales, Last Complete Fiscal Year (in millions of $)	Store Count as of: 1/84	12/84	12/85	Markets
Price Club, San Diego, Calif.	1,100.0[a]	12	20	NA	Richmond, *Norfolk, Va., *Albuquerque, Phoenix, Tucson, Ariz., Sacramento, San Bernardino, San Diego, Los Angeles, Calif.
Price Savers, Salt Lake City	—	0	4	NA	Tacoma, *Seattle, *Anchorage, Salt Lake City
Sam's Wholesale Club, Bentonville, Ark.	34	3	11	21	Birmingham, Ala., Dallas, Houston, Charleston, S.C., *Jacksonville, Fla., *St. Louis, Kansas City, Oklahoma City
Value Club, San Antonio, Tex.	120	4	5	7	El Paso, San Antonio, Austin, Tex.
Warehouse Club, Niles, Ill.	90	3	5	10	*Dayton, Akron, Columbus, Ohio, Pittsburgh, Chicago
Wholesale Club, Indianapolis	—	1	3	7	Cleveland, **Detroit, Indianapolis, Milwaukee
Wholesale Plus, Fort Lauderdale, Fla.	25	1	1	NA	Fort Lauderdale, Fla.

[a]—For fiscal year ended 8/31/84. *To open this year **To open in '85 NA—Not available Source: DSN research.

Zayre 2nd Big Discounter to Start Wholesale Club Arm

(Continued from page 1)

Gardens, Fla., were set to open at presstime. A fourth BJ's is scheduled for Hartford, Conn., next spring.

Corporate management anticipates each BJ's will reach $65 million in annual volume within six years of each opening, according to Weich.

BJ's is a separately staffed and headquartered, wholly owned subsidiary of the Zayre Corp., which last year hit just over $2.6 billion in sales. Zayre discount stores accounted for just under $2 billion, with off-price apparel chains T. J. Maxx and Hit or Miss at $475 million and $236 million, respectively.

To benefit from the name recognition Zayre enjoys and to take advantage of the company's expertise in specific market areas, BJ's are initially planned only for areas where Zayre discount stores are currently operating.

"We'd have to be crazy not to be capitalizing on the fact that we're owned by Zayre. As we get bigger and the name BJ's means more, there will be less reason to build BJ's in areas where Zayre stores are," said Weich.

Zayre, however, has put virtually none of its own stamp on BJ's, which, judging from the Medford store visited by *DSN*, closely follows the price structure, merchandise mix and store layout of the wholesale club format pioneered by the San Diego, Calif.-based Price Club.

At the Medford BJ's, as in most wholesale membership clubs, high-ticket items are used as a lead-in at the front of the store.

For example, an IBM PC computer system was marked at $2,699.62 and was set out on the main traffic aisle. CE, also located in the front, included a Magnavox projection TV priced at $1,768.12 and a Magnavox model VR 8485 portable VCR for $845.24.

Across the race track aisle from CE, Seiko watches were displayed in a freestanding Plexiglass case, with a men's model at $80.67 and a ladies' watch for $135.94.

Targeting the small business owner, BJ's displays two sku's of 30-in. x 60-in. office desks, with genuine oak at $326.33 and steel $167.99. A Casio cash register was $184.92.

Like most wholesale clubs, BJ's concentrates on getting the best deals on identifiable brands. "We don't buy on programs. We're committed to having a consistency of products, but not necessarily always the same brand," Weich explained.

Although BJ's sells mostly hard goods, Weich envisions eventually expanding the 3,500-sq.-ft. apparel section, which included Jordache women's jeans at $10.85, a Members Only jacket for $29.94 and London Fog Raincoats for $109.

BJ's approximately 3,500 sku's are displayed in a warehouse atmosphere that appears less stark than many others, thanks to bright orange steel shelving, blond wood checkout stands and several skylights.

While self-service is the rule, BJ's also offers free installation service for members who buy Michelin radial tires at prices from $30.96 to $80.58. Wheel balancing costs $5 per wheel in the six installation bays located in the back of the store.

Business members pay a $30 annual fee with two optional associate memberships available at $10 each.

Employees of certain companies and members of selected organizations, such as credit unions, can also obtain membership cards. They don't pay a fee, but must pay 5% over posted prices.

Congress Clears New Bills Affecting Supply Sources

(Continued from page 1)

both NMRI and AGMC during the closing days of the 1984 session.

Although the final version retains some provisions opposed by discounters—including a section likely to lead to a new International Trade Commission proceeding against low-priced footwear imports—retail industry groups expressed general satisfaction with the bill.

One key provision sliced from the final legislation would have made it much easier for domestic manufacturers to prove economic "injury" to United States businesses as a result of import competition, while a separate "protectionist" section cut from the bill have exposed foreign goods to greater risk of counterveiling duties.

Noting that the "worst" provisions were eliminated before enactment, AGMC president Edward Borda said the final version "avoids doing serious harm to retailers."

Similarly, Mathias' final anti-counterfeiting bill was amended extensively.

NMRI officials, who had criticized the original Mathias proposal for inviting "incursions by manufacturers into the marketing strategies of legitimate discount retailers," described the final version as "vastly revised and improved."

The bill that passed Congress as part of a broader, Administration-supported "crime" package may still cause some uneasiness among discount industry leaders, however.

The final version continues to hold American retailers and other suspected "traffickers" in counterfeit merchandise liable for stiff Federal fines, prison sentences and "treble damage" civil awards. It also retains particularly controversial provisions enabling manufacturers to seek no-warning "*ex-parte*" search and seizure raids on alleged distributors of these goods.

But, in response to discount industry concerns, a series of safeguards was inserted to discourage harassment of price-cutting retailers and other manufacturer "abuses" of the new law.

In addition to specifically exempting "parallel imports" from the definition of counterfeit merchandise, Senate leaders "reluctantly" agreed to a House provision offering a similar exemption for unauthorized product "overruns" by the manufacturer's own subcontractors.

In addition, both Houses issued reports emphasizing that the "remedies" provided to manufacturers by the new anti-counterfeiting law aren't intended to be used as a subterfuge for enforcing resale price maintenance conspiracies against discounters.

The final version was also stripped of a controversial House provision which would have allowed no-notice *ex-parte* search orders against stores if a court believes the retailer "should have known" that its merchandise was counterfeit. (Instead, the sanctions of the bill can only be imposed on firms that knowingly and intentionally distribute bogus products.)

With Congress not scheduled to return until early next year, the focus of discount industry Washington lobbyists has shifted to key Federal regulatory agencies which are considering a series of proposals to restrict so-called "parallel" or "gray market" imports.

Bob Curtis Dies

DAYTON, Ohio — S. J. (Bob) Curtis, security consultant, whose column "Pilferage Prevention" appeared periodically in *DSN* since 1962, died this month at the age of 68.

He had a heart condition, but death was unexpected.

Curtis was the former head of security of Lord & Taylor and J. L. Hudson, and lectured and wrote extensively on security.